A RESEARCH SUMMARY

Successful Family Business Succession

What three second-generation companies did differently: an executive summary of a multiple case study

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IN BRIEF

Most family businesses do not fail in the market. They fail at the handoff. The advice owners hear treats succession as a planning problem: start early, write the plan, develop the successor on a defined track, and bring in the experts. A doctoral study of three companies that completed the transfer of both ownership and control from founder to second generation found a different pattern. None of the three had a formal succession plan, and none had developed the successor along a defined path. All three shared five conditions instead: shared family values, a founder who shifted roles and then left, a mentor who was not the founder, a successor who drove the process, and planning that happened as they went. Those conditions, a model of how a successor grows into the role, and four recommendations for owners are summarized here for owners, successors, and the advisors who serve them.

1. The Problem Owners Actually Face

The odds are well known and widely quoted: most family businesses never complete the transition to the second generation, and the failure usually has little to do with the market. The company is sound. The handoff is what breaks. A founder who cannot let go, a successor who was never allowed to lead, a family that never agreed on what the business was for: these are the stories advisors hear again and again.

The standard prescription is a plan. Start years in advance, build a written roadmap with milestones, develop the successor on a track, make them prove themselves somewhere else first, and never leave the outcome to chance. The prescription is reasonable, and it sells a great deal of consulting. The trouble is that it does not describe what the successful families in this study actually did. The research question was therefore deliberately simple: what characterizes a family business succession that worked?

2. How the Study Was Done

The study was a qualitative multiple case study, conducted as doctoral research at Capella University and completed in 2015. Cases were found through referral from accountants, attorneys, and advisors. Of seventeen candidate companies, three met every criterion: the business was in its second generation of family ownership, the transfer of ownership was complete, the current owner judged the transition a success, and annual revenue exceeded five million dollars. Two interested companies were excluded because they intended to transfer ownership but had not yet done so.

The three were deliberately unlike one another: a metal-stamping manufacturer, a plating-and-machining company, and a diversified holding company with roughly ten operating subsidiaries. All were located in the northeastern United States. Sixteen people were interviewed across the three companies: founders, founders' spouses, second-generation successors, successors' spouses, and long-tenured employees who had watched the transition from the inside. Interviews were recorded, transcribed, and supplemented with site visits and company documents.

Analysis followed a thematic approach. Each case was studied on its own terms first, then compared with the others. The discipline of the method lies in that second step. A vivid detail from one company is an anecdote, but a pattern that appears independently in three companies with little else in common is a finding. Five themes met that bar.

> ### What the study can and cannot claim
>
> Three companies and sixteen people give depth rather than breadth, and every company was selected because it had already succeeded. The accounts are retrospective, and "success" was the current owner's own judgment. Read the findings as a well-grounded description of what was present in three successful transitions, and as a working hypothesis for your own, rather than as a statistical law.

3. Five Conditions of Successful Succession

3.1 Shared values

All three families expressed a common system of values, beliefs, and behaviors that guided decisions: self-reliance, honesty, hard work, respect for others, gratitude, and trust. Some values were stated outright, some were simply part of shared experience, and some were explicitly taught, but every case referenced them. The lessons began in childhood and communicated clear expectations to the children.

> *"I think families in business positions so many times bicker and won't listen to each other's opinions and all. It goes back to respect. Teaching your kids respect."*
>
> A founder

The values did double duty. They built the character of the successor, and they created a family and business culture in which the successor could try, fail, and still be trusted. In all three cases the parents wanted their children in the business and believed the successor could do the job. That belief, held early and held visibly, appears to have created a generative environment that formed capable successors long before anyone spoke of succession.

3.2 The founder shifts roles, then leaves

The hardest issue in any family succession is for the founder to get out of the way and make room for the successor. Doing so requires real ego strength: the owner must accept their own mortality and move from running the company to supporting the person who will. The transition can be pictured as three roles held in sequence. In the first, the founder is the builder and chief executive. In the second, the founder becomes a sponsor who creates an environment where the successor can safely grow into the chief executive's job. In the third, the owner hands over control, exits the business, and truly retires.

> *"It worked out very well. In fact, I basically turned everything over to [my son]. We'll meet every two or three weeks and go over the financials on the different businesses and things, but the daily operations he runs a hundred percent now."*
>
> A founder

The founders studied here were not the stereotypical take-charge entrepreneur, but each had taken the risk to create the business and had run it successfully for decades. Each provided genuine support in the second phase, and each made a distinct exit in the third. The process lasted years, and some founders stayed loosely involved, sometimes simply to keep busy. Ownership and management control followed a clean line in every case, and the founders never looked back.

3.3 A mentor who is not the founder

It may seem natural for the founder to mentor the successor, but the study showed a different pattern. In two of the three cases a family member who was not the chief executive stepped up at a critical juncture, when the process could have failed, and provided technical or emotional support. These mentors knew the role mattered, but they made little of it in interviews. The key is that they helped when the successor was not yet ready to take full control and the outcome was far from certain.

Owners are well advised to identify other family members, or even key employees, who can help mentor a successor. Such people offer useful perspective, are less threatening to a successor than the founder, and often help the owner through the process as well.

3.4 The successor drives

A counterintuitive finding emerged: the successor controlled the process and planned the succession as it unfolded. The process took different forms in each company, but two facts held. The successor was driving the execution of the transition, and the action steps emerged as they went along. The founders acted as catalysts, but they were not actively managing the transition.

> *"[I'm] very extremely driven. Even when I look back, I can remember five years ago, just looking back, a light bulb went off and boom! [I thought] how in hell did I get here? It was like I woke up one morning and I'm walking through this place, and I might have been showing somebody the company, and a light bulb went off and I'm like, oh my God, how did I ever get here, and how did all this stuff get done? I don't know. It's like time warp."*
>
> A successor

The pattern also answers a common worry about motivation and ability. If a successor resists taking responsibility for moving the process forward, the owner learns very quickly that the wrong person may have been chosen.

3.5 Planning as you go

Contrary to popular opinion, planning was not used in any traditional fashion, and none of the participants viewed formal planning as important. The families did have legal and tax advisors, but their work was the deal: the agreements, the ownership transfer, and the tax planning. The handoff itself ran on a general, usually tacit, understanding of the objective.

> *"I don't know what else to say. We just kind of fell into it and marched along with it all."*
>
> A founder's spouse

> *"I wouldn't say there was any planning done as far as what we're going to do next."*
>
> A successor

The successors understood the end game of eventually taking over the business, and the details were sorted out as they learned the job. Several interviewees seemed surprised to be asked about a planning process at all. The practical lesson is to plan the deal and not the handoff: time spent on an elaborate transition plan may be better spent on the other four conditions. Figure 1 summarizes the five conditions and the order in which they depend on one another.

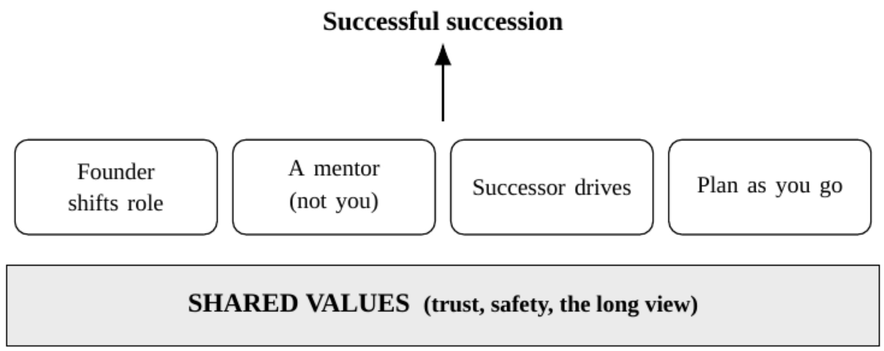

Figure 1. The five conditions. Shared values are the foundation; the other four grow from them.

4. A Model of Successful Succession

The findings suggest that a different approach can lower the stress of succession and improve the odds. Rather than offer a recipe, the model below describes the conditions needed for success and the responsibilities of the owner, the successor, and the mentor. The model follows the successor's progression toward the goal, pictured in Figure 2.

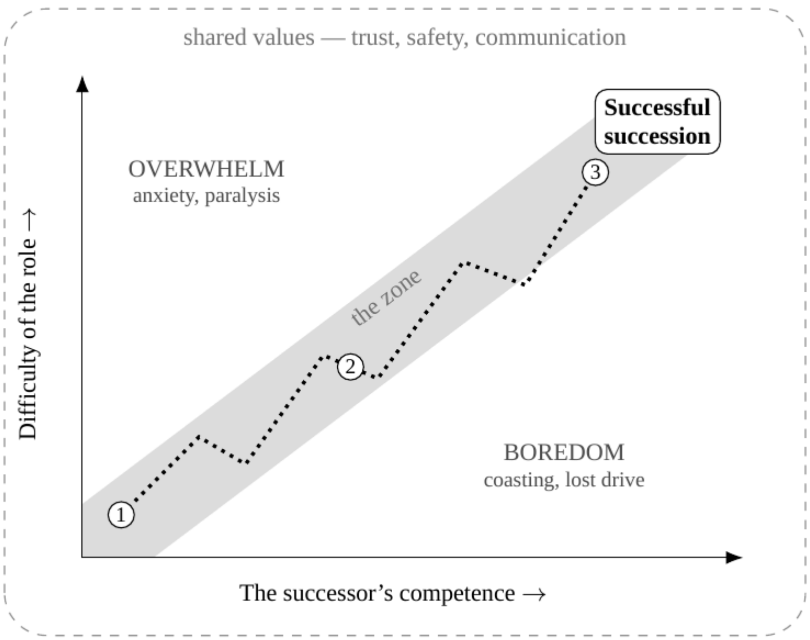

Figure 2. The competency zone. The successor's path climbs through a band that is safe but challenging.

Shared family values enclose the entire process. They provide the context for trust, for communication both spoken and unspoken, and for a shared work ethic. Those values also promote shared goals, shared knowledge, mutual respect, and a sense of psychological safety for the successor and everyone around them. Without them, a process with loose controls, no detailed plan, and a successor left in charge is unlikely to succeed.

Within that supportive culture, the owner selects a suitable and trusted successor. Selection is the beginning of a process that requires the owner to shift from leader to enabler of leadership as the successor develops. The owner must believe in the capacity of others to succeed, want a multigenerational business, and be capable of moving from driver to passenger. In the study, the owners did not always know what was coming next, but when it came to the successor, they provided complete support.

The successor should be committed to, and motivated by, achieving the succession, and a mentor, ideally not the owner, should be identified to support the successor along the way. Owner and mentor work together to create a learning environment that is both safe and challenging, shown in Figure 2 as the diagonal band. The process is characterized by progressively harder responsibilities and steadily improving competence. Early on, the successor may be given goals, tasks, and new responsibilities; eventually the process becomes collaborative, with the successor leading.

The zone matters because of what lies outside it. A successor who falls below the band may grow bored in the role and lose motivation. A successor pushed above it may become anxious or overwhelmed. The owner and mentor try to keep the successor inside the band while leaving the freedom to explore and to drive the process forward, and the mentor in particular can act as a confidant who spots trouble early. The successor's actual path, shown as the dotted line, will look random as the individual moves through victories and setbacks, but it trends toward the target. Successful succession is reached when the successor is willing and able to run the company as chief executive, the owner is comfortable stepping aside and retiring, and the company continues to operate.

The model also carries a warning. The succession target may lie completely outside the path a particular successor can reach, because the objective is too challenging or not challenging enough for that person. In that case the process can fail in a way that lies outside the control of even the best-run transition. One cannot push on a string. The model is not a recipe, and it may lack the control some owners would like; what it offers is a description of the conditions that supported success, and meeting them lowers the risk of failure.

Readers who know the research on how people perform when challenge is balanced against skill will find the zone familiar. The model came out of the interviews rather than a textbook, and the overlap with that literature is reassuring: the families arrived, with no theory in hand, at something the science would recognize.

5. Recommendations for Owners

A family business is a valuable family asset, and the most successful families pass it down through multiple generations. No single plan works for every family, but the companies in this study shared enough that four recommendations follow directly from the findings.

1. **Commit to the process.** What got you here will not get you there. The transition is emotional for most owners and requires both readiness and willingness to change. The owner and the successor must believe in one another and commit to moving the business to the next generation. The owner selects a successor and provides support; the successor must be ready, willing, and able to figure it out. The relationship rests on trust, commitment, and shared values.

2. **Build a supportive learning environment and provide genuine challenges.** Mistakes are for learning. The owner must create an environment in which the successor can learn the role, has mentor support, and feels safe making tough decisions. The owners in this study also gave their successors substantial early challenges: creating a new service offering, fixing a broken business line, or running an acquisition.

3. **Let the successor drive.** No pretending; the successor must really be in control. The owner has to share power and give the successor the freedom to make the process their own. Hold a clear objective, but let the successor sort out the details along the way.

4. **Get out of the way.** When the successor has mastered the role, hand over full ownership and control quickly. Lingering can undermine the process and confuse key employees. As one owner put it, "give them the keys and head to Florida." That step is rarely easy, but every successful owner in the study took it.

Successors carry the other half of the work. The study's message is symmetric: the founder can create the conditions, but only the successor can take responsibility for the transition, drive it forward, and stay in the zone while learning the job. A successor who waits to be handed the business has already fallen behind the ones who succeeded.

6. Where to Go From Here

This summary condenses a longer body of work. Readers who want the full stories of the three families, the failure modes to watch for, and a chapter written directly to the next generation will find them in the book that grew out of the study. Readers who want the methodology, literature review, and complete case data will find them in the dissertation.

Frese, K. E. (2026). *Give them the keys: What families who actually hand the business to the next generation do differently.* Independently published. https://www.teamlmi.com/give-them-the-keys/

Frese, K. E. (2015). *A multiple case study of successful family business succession* [Doctoral dissertation, Capella University]. ProQuest Dissertations & Theses. https://www.proquest.com/openview/3db868f01717d93ba312816d114ca80b

Owners who want a quick read on their own situation can take the free Succession Readiness Checklist at teamlmi.com.

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