

The 5 Mistakes Business Families Make During Succession

Succession is one of the most critical moments in the life of a family business. Many families assume it will happen naturally, yet transitions often reveal hidden tensions, unclear expectations, and gaps in preparation.

Research and experience show that many succession challenges do not come from strategy or markets, but from issues within the family itself.

Here are five common mistakes family businesses make during succession.

1. Waiting Too Long to Start

Many founders delay succession planning because they are focused on running the business or are not ready to step back.

However, successful transitions typically require **five to ten years of preparation**. This allows time for leadership development, gradual transfer of responsibility, and alignment among family members.

When succession planning begins too late, families may face rushed decisions or leadership gaps.

2. Assuming the Next Generation Is Automatically Ready

Capability and readiness are not the same as family membership.

Future leaders need:

- experience
- credibility within the organisation
- leadership development
- exposure to the broader industry

The most successful family businesses ensure that potential successors **earn leadership roles through preparation and demonstrated capability**.

3. Avoid Difficult Family Conversations

Succession often involves sensitive topics such as:

- fairness between siblings
- ownership distribution
- leadership roles
- expectations for family members working in the business

When these conversations are avoided, misunderstandings grow and conflict can emerge later.

Structured discussions and clear processes can help families address these issues consecutively.

4. Lack of Governance Structures

Without governance frameworks, family dynamics can spill into business decision-making.

Effective governance might include:

- a family council
- an advisory board or board of directors
- clear ownership agreements
- a family constitution outlining shared values and expectations

Governance helps create clarity around roles, responsibilities and decision making.

5. Failing to Engage the Next Generation Early

Engagement should start long before succession becomes imminent.

Younger family members benefit from:

- understanding the history and values of the business
- learning about ownership responsibilities
- gaining exposure to the business
- developing their own skills and interests

Engagement does not mean pressure to join the business, but rather ensuring the next generation is informed and prepared for future decisions.

Final Thought

Succession is not simply about transferring leadership or ownership.

It is about preserving a legacy while ensuring the business continues to thrive in the future.

Families who approach succession with structure, communication and preparation place themselves in the strongest position for long-term continuity.

If you are reflecting on succession in your own family business, it can be helpful to step back and assess where you currently stand in the process.

These challenges are rarely resolved through technical solutions alone. They often require structured conversations, alignments and an independent perspective. This is where many families choose to bring in external guidance.

Dr Clarisse Lafleur
Family Business & Family Office Advisor
Researcher in Family Office and Family Business

Dr Francesco Barbera
Founding Academic Director of the Family Business
Institute and Associate Professor of Entrepreneurship
and Strategy - Ted Rogers School of Management at
Toronto Metropolitan University.
Researcher in Family Office and Family Business
Family Business & Family Office Advisor

Supporting family businesses and family offices through succession, governance and continuity.