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Family business succession planning and the next generation, 2026

The family business insights series

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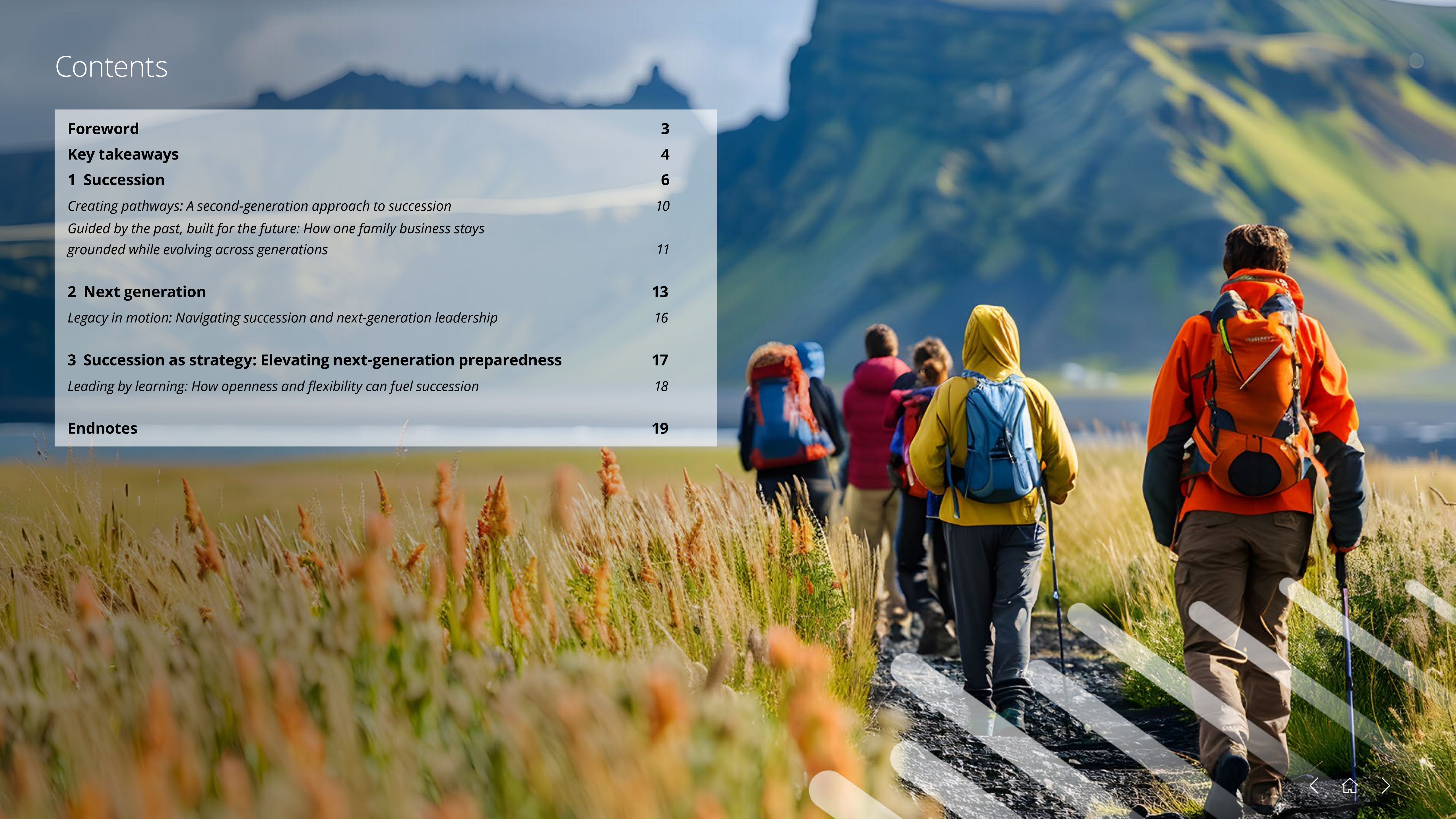


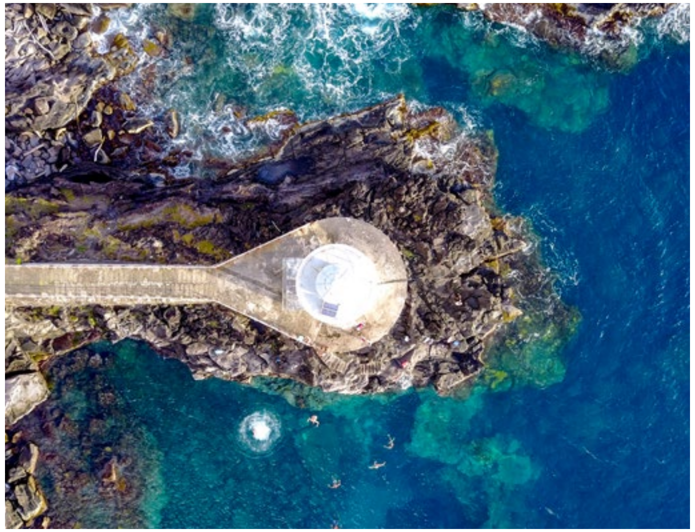
Contents

Foreword

Welcome to the *Family business succession planning and the next generation* report, which is part of Deloitte Private's *Family business insights series*. This series includes five reports that delve into the evolution and character of the family business landscape globally; cybersecurity; technology transformation; succession planning and the next generation; and words of advice from leading family business executives.

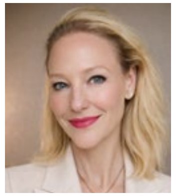
This report offers invaluable insights into family businesses' experience with succession planning and the challenges they face in preparing the next generation to assume leadership roles.

To identify these insights, we surveyed senior executives from 1,587 family businesses worldwide between March and June 2025, with each having a minimum revenue of US$100 million and the families owning a controlling (51%+) share of the company.



In 2024, these businesses generated an average revenue of US$2.8 billion and collective revenue of US$4.4 trillion. We also conducted in-depth interviews with 30 senior family business executives, many of whom are the heads of multi-billion-dollar families and 100+ year old family businesses. These interviews offer insights and advice that can help family businesses navigate the playing field and plan for long-term success.

The hope is that these insights prove useful in shaping succession planning for your family business, and thank you to all participants who generously shared their time and perspectives.

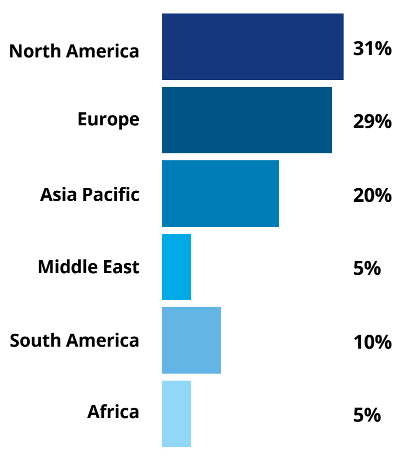


Dr. Rebecca Gooch
Deloitte Private Global Head of Insights
2 New Street Square, London, EC4A 3BZ, United Kingdom
rgooch@deloitte.co.uk
www.deloitte.co.uk/deloitteprivate

Yali Yin
Global Deloitte Private Leader
Partner I Deloitte Tax Ltd
No. 23, Zhenzhi Road, Beijing 100026, PRC
yayin@deloitte.com.cn
www.deloitte.com/cn

Wolfe Tone
Vice Chair, US Deloitte Private Leader
Partner | Deloitte LLP
111 S. Wacker Drive, Chicago, IL 60606-4301, United States
wtone@deloitte.com
www.deloitte.com

Participating family business regional headquarters locations

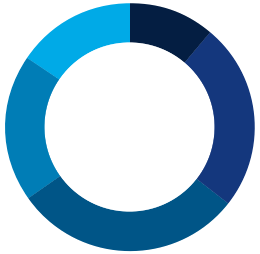


Family businesses' 2024 (CY) annual revenue

Click on each button to view the data

Global | North America | Europe | Asia Pacific | Middle East | South America | Africa

- US$100 million - $249 million 11%
- US$250 million - $499 million 25%
- US$500 million - $999 million 30%
- US$1 billion - $4.9 billion 19%
- US$5 billion+ 15%



Average **US$2.8 billion**
Total revenue **US$4.4 trillion**

Key takeaways

Succession is an important and widespread challenge

27% of families and 40% of family businesses are either currently undergoing or will undergo leadership succession within the next 10 years, underscoring the magnitude of generational change. However, while the large majority (89% of families, 82% of family businesses) report having some form of succession plan, only roughly half have a thorough, well-developed plan in place.

Main obstacles center on qualified leadership and planning

The top succession challenges are: "the next generation is insufficiently qualified or lacks experience" (35%); "difficulty identifying a suitable successor" (33%); and "current leadership is reluctant to relinquish control" (32%). This suggests a need for greater leadership development and more transparent succession planning.

Gaps in confidence of succession preparedness

Despite succession being a leading concern, full confidence in the succession preparedness of family leadership remains limited. Globally, only 48% are highly confident in current family leadership preparedness, falling to 37% for the next generation. This leaves a majority not fully confident—52% for current leadership and 63% for the next generation.

Growing lean toward outside leadership

There is a notable shift toward appointing external professionals to the CEO role after succession, with the global share projected to double from 13% currently to 26% post-succession. This trend is apparent in many regions and reflects concerns about next-generation readiness within the family, their interest in joining the family business, and the escalating complexity of family business operations worldwide.

Key takeaways

Next gen take the lead in innovation, technology, and philanthropy

While senior family members primarily hold top leadership (69%) and governance (64%) positions, next-generation family members are especially prevalent in roles that are helping to drive change—technology (51%), philanthropy/community engagement (51%), innovation/research and development (49%), and sales/marketing (50%). These domains serve as proving grounds for their future advancement.

Future transformation hinges on tech, artificial intelligence (AI), and sustainability

The next generation is poised to reshape family businesses with a marked focus on technology modernization (42%), AI (42%), new product/service development (40%), geographic expansion (39%), and sustainability/inclusion and belonging ambitions (35%).

Core challenges for next gen—technology, leadership skills, and competitiveness

The leading obstacles faced by next-gen family members working in the family business include a need for organizational technological advancement (38%), developing leadership and management capabilities (37%), and staying competitive (36%).

Experiential learning and external exposure are key development tools

To boost next-gen leadership readiness, family businesses are emphasizing real-world, accountable development: 44% require formal roles with accountability/performance management, 43% use on-the-job training or leadership shadowing, and 40% mandate outside work experience before joining the family business.

1 Succession

Family businesses are a cornerstone of the global economy, accounting for a significant share of employment, investment, and long-term value creation across regions and industries. Yet despite their economic importance, the continuity of these entities is far from guaranteed. Succession—the transfer of leadership, ownership, and stewardship from one generation to the next—remains one of the most important and complex challenges family businesses face. Unlike succession in non-family businesses, family business succession should balance commercial objectives with family dynamics, values, and legacy, often under conditions of heightened emotional and relational complexity.

As family businesses expand across borders and generations, succession decisions are further shaped by globalization, shifting governance norms, evolving workforce expectations, and regulatory and competitive pressures. Effective succession planning is not a singular event but a long-term process that integrates leadership development, ownership structures, professional management, and family alignment.

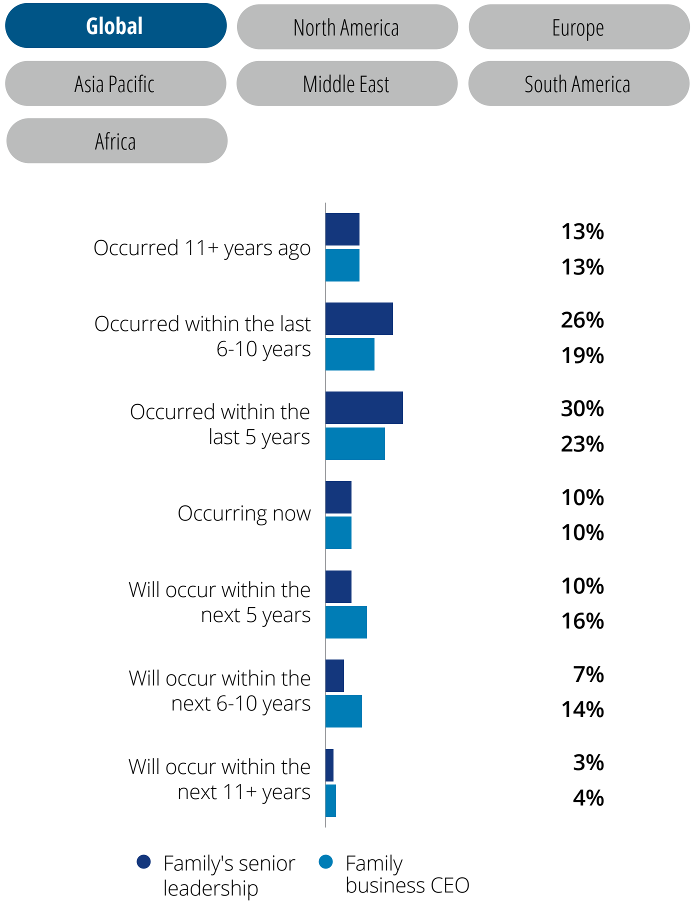
Emphasis on succession over the next decade

Figure 1.1 suggests that families are amid an active generational change, with many either already transitioning or planning leadership changes soon. Specifically, some 27% of families are currently undergoing succession or will do so within the next 10 years (figure 1.1).

Simultaneously, some 40% of family businesses will be making a CEO change within the next 10 years. The higher future-anticipation rate for family business CEOs might reflect more formal succession planning at this level, or ongoing professionalization in governance structures among family businesses.

The gap in changes at the CEO level of family businesses over the next 10 years relative to family leadership[1] is especially manifest in Asia Pacific at 43% versus 24%. Cultural tendencies may have placed greater emphasis in the past on the generational succession of the larger family—and matters related to the preservation of family wealth—than on leadership within the family business. However, that may be changing, as companies mature and the need for more formal succession protocols becomes more urgent.[2]

Figure 1.1: When the most recent succession occurred or will occur within the family's senior leadership and for the family business CEO



Note: Due to rounding errors, numbers may not sum to 100%.

1 Succession

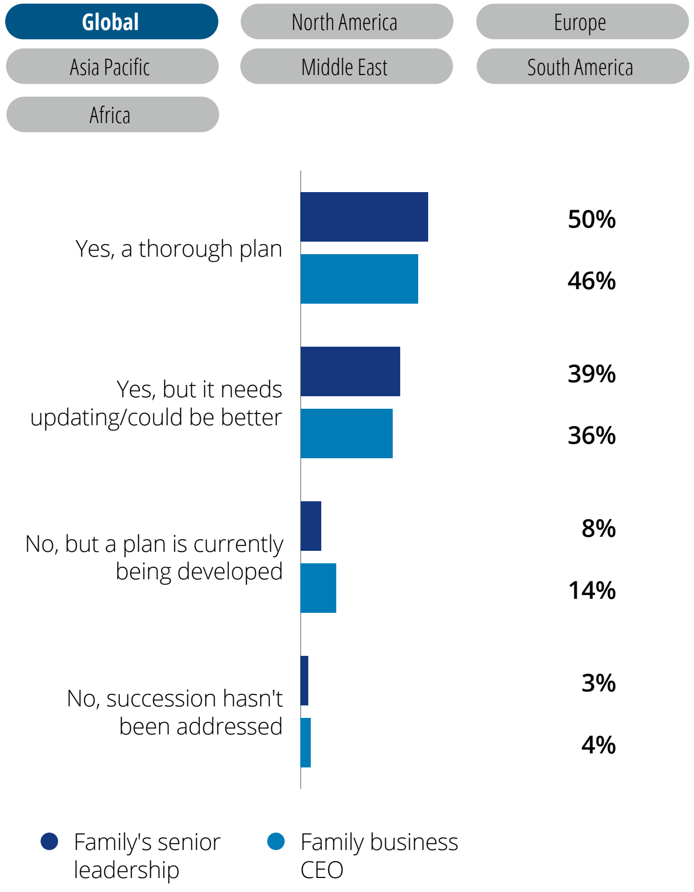
Half of families/family businesses do not have a fully developed succession plan or or have no plan in place

For the family business, succession planning relates to the succession of senior leadership, family or otherwise. For the family, it refers to plans designed to help ensure continuity across generations, including the transfer of leadership, ownership, governance responsibilities, family values, and stewardship of the family enterprise between family members.

In a positive vein, the large majority of executives say they have some kind of succession plan in place for the family and family business—89% and 82%, respectively (figure 1.2). However, the unfortunate news is that many of these respondents say that their plan needs updating or could be better—39% for families and 36% for family business CEOs. As some of the most forward-thinking families have both long-term and short-term (contingency) plans for succession, this suggests that more needs to be done in this area to help ensure the safeguarding of the family and its business long-term.

At the global level, the difference between having a thorough plan for family senior leadership (50%) is similar to the share with a thorough plan for the family business CEO (46%). Most of the regions generally mimic global figures. However, an outlier is the Middle East, where only 27% and 31% of respondents say they have thorough succession plans for the family and family business, respectively, lagging significantly behind global figures and other regions. Such a difference may be attributable to an array of factors such as unique cultural and family dynamics, underdeveloped legal and inheritance frameworks, and intergenerational challenges.[3]

Figure 1.2: Whether the family and family business have a succession plan in place for its senior leadership



1 Succession

Concerns over next-gen qualifications tops the succession planning challenges

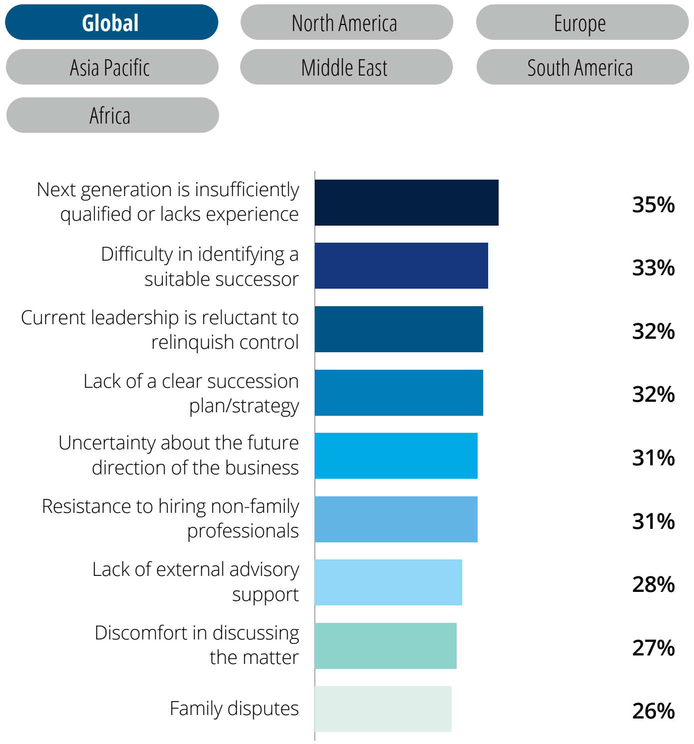
Figure 1.3 shows the main challenges the family and the family business face with succession planning. At a global level, the story is first and foremost about a perceived lack of qualified successors, as the two most-cited challenges—"next generation is insufficiently qualified or lacks experience" (35%) and "difficulty in identifying a suitable successor" (33%)—suggest. However, the fact that the "current leadership is reluctant to relinquish control" stands as the third most-cited challenge (32%) may say just as much about the older generation's trust in the younger generation's capabilities as it says about just how objectively prepared the younger generation is to lead. It may also reveal a measure of fear that a "loss of control" to younger successors could lead to an erosion in the family legacy, regardless of how well new leadership might preserve that legacy.[4] However, as it takes experience (sometimes through trial and error) to become seasoned, if successors are not given access to that experience, they may be unable to grow fully.

That these challenges rank highly across the regions speaks to the universal nature of family dynamics surrounding succession, underscoring a global imperative for earlier talent development and mentoring. Equally pervasive is the difficulty in identifying suitable successors, a challenge magnified by the emotional complexity inherent in family businesses and the often-limited talent pool within the family itself.

While "lack of external advisory support" ranks as the seventh most-cited challenge overall at 28%, it ranks first and second among respondents from Africa (40%) and South America (39%), respectively. This may speak both to a lack of access to external advisory networks or an unwillingness to use them, and potentially to a more insular family dynamic than is present in other regions.

> *Succession planning is a persistent challenge for us. The founding generation, now approaching 80, continues to retain full control of the business. Despite ongoing discussions about transitioning for more than 10 years, there has been little progress toward meaningful change.*
> **Managing director**, large-scale distribution company, United States

Figure 1.3: The main challenges the family/family business face with succession planning (Multiple options permitted)



Gaps in confidence of succession preparedness

Notwithstanding the relatively high headline figures for confidence in succession preparedness (figure 1.4), a more nuanced view highlights that a significant proportion of respondents falls short of being fully confident. When combining those who are highly unconfident, somewhat unconfident, and somewhat confident, 52% of respondents globally do not express full confidence in current family leadership's preparedness for succession, rising to 63% for next-generation leadership, and 57% for family business leadership overall.

At a global level, while 85% of respondents indicate some level of confidence in current family leadership, only 48% are highly confident, with the remaining 37% being only somewhat confident and 15% being somewhat or highly unconfident.

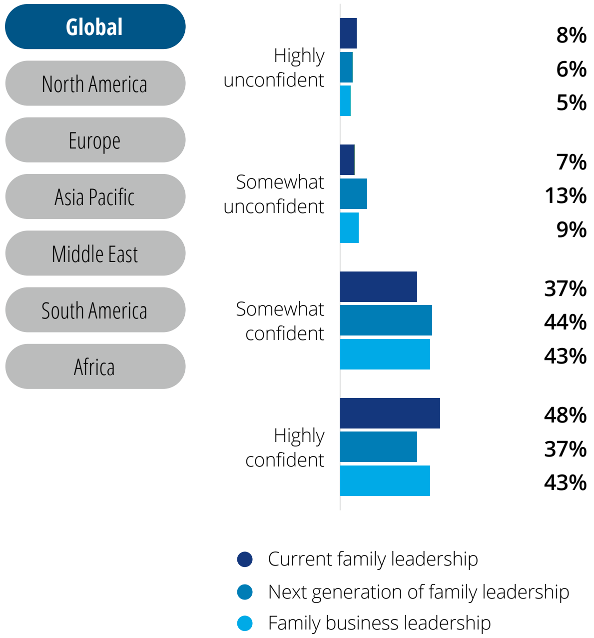
Regionally, this lack of strong confidence persists. In North America, 50% are highly confident in current family leadership, but 50% fall below this threshold, while confidence in the next generation is weaker, with only 37% highly confident, compared to 63% somewhat confident or less. A similar pattern is evident in Europe, where less than half are highly confident in current family (47%) and next-generation family (41%) leadership. Even in Asia Pacific, where overall confidence levels are highest, merely 50% are strongly confident in current family and 38% in next-generation family leadership. This pattern is even more pronounced in the Middle East where only 33% are highly confident in current family and 20% in next- generation family leadership, leaving the bulk with some doubt.

1 Succession

Taken together, these findings suggest that while many family businesses report some level of confidence in succession preparedness, a substantial proportion of respondents remain either uncertain or only moderately confident. This indicates that succession planning, particularly in relation to the next generation, continues to be an important area of focus.

> *We recognize the need for comprehensive succession planning and are actively working to identify multiple candidates for key roles, ensuring organizational continuity and minimizing the risk of leadership gaps.*
> **CFO,** large-scale manufacturing company, United States

Figure 1.4: Confidence in current family leadership, next-generation family leadership, and family business leadership preparedness for succession within the family business

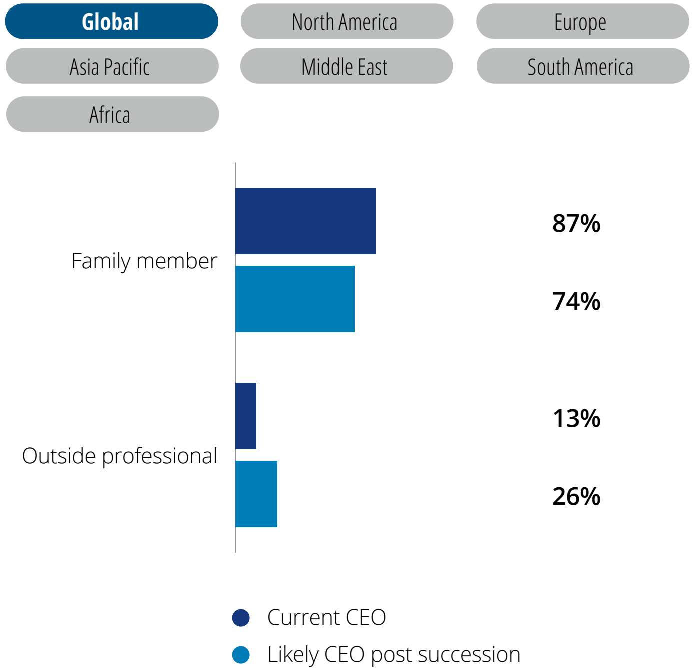


Proportion of non-family CEOs set to double when the current generation steps down

As figure 1.5 shows, while family members should largely remain at the helm of family businesses post-succession, a meaningful shift is anticipated globally, with the proportion of outside professionals stepping into the CEO role post-succession expected to double from 13% to 26%. This jump in outside succession is broad, as each region is expected to see a comparable rise, ranging from 9 percentage points in North America to 18 percentage points in South America.

Such an increase in the outside succession of non-family CEOs may be attributable to a variety of factors. In some regions, fewer family members from the next generation are willing or sufficiently prepared to take over, prompting consideration of external professionals, consistent with the findings of figure 1.3, which identified next-generation preparedness as a top challenge confronting family businesses. Another factor may be the increasing complexity of the modern family business, particularly those with extensive global reach, perhaps making the idea of outside, highly experienced management more appealing. Some family leaders may also view outside professional leadership as a form of risk mitigation, the idea being that a "neutral" outsider in the leadership role may reduce challenges that could otherwise cause reputational and/or other harm.[5]

Figure 1.5: Between family members and outside professionals, who is currently the CEO of the business and who is likely to be CEO post succession



Creating pathways: A second-generation approach to succession

With third-generation family members coming of age and launching their own careers, Steve Rigby, co-CEO of Rigby Group, a leading US$5 billion global technology and investment firm based in the UK, discusses the company's approach to ownership structure, career choices, and long-term stewardship.

As the second-generation leaders of the business your father launched in 1975, how have you and your brother structured Rigby Group for the next generation?

From an operational standpoint, my brother and I serve as co-CEOs of the company, while our father remains chairman. We also established a trust structure with two distinct branches for our respective families, maintaining a small shareholder group.

We each have three children, ranging in age from 18 to 26, who are members of their family branch and will elect a single shareholding representative. Rather than all six having a say, each branch will appoint a rotating next-generation chair to represent that generation. The intent is to limit potential distractions and give them an opportunity to begin working together in a cohesive way.

I have encouraged my two eldest children to gain experience outside the family business, and two of my brother's children currently work in junior roles in the company. The door is open to any of them to explore opportunities within the business. At the same time, we believe in being thoughtful about how the family's engagement evolves over time. If they choose not to pursue a role in the company, we have a plan to support that choice while keeping long-term ownership aligned with active involvement.

As one of the top 10 wholly owned family businesses by revenue in the UK, Rigby Group is a great example of what a homegrown business can achieve. With that success has come a certain level of wealth. What is your and your brother's approach to preparing your children to steward it?

Our father was not overly focused on money when we were growing up, and that mindset has largely carried through to our children. At this stage, they are not living with significant wealth or expectations around it. We have put a framework in place that introduces financial support gradually at key milestones, with some of that support directed toward practical needs such as housing to help them get started. Beyond that, there is a clear understanding that any future involvement or benefit is tied to their own choices and level of engagement, with a strong emphasis on responsibility and stewardship.

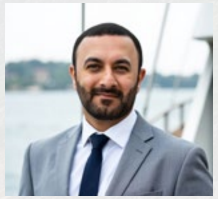
What advice do you have for other family businesses in guiding the next generation?

It is important to strike a balance as the next generation comes of age and begins to consider their career paths, whether inside or outside the family business. Among other family business leaders I know, I have seen two common pitfalls: placing too much responsibility on next-generation members too early, which can be overwhelming, or not giving them sufficient autonomy, which can limit confidence and slow their development. It is about empowering people at the right point in their careers.

I have also seen many positive traits in the next generation, including a greater openness to diversity and a desire for more balance. Many of them have seen first-hand the impact of working around the clock, and they are approaching their careers with a broader perspective on what sustainable success looks like. In my view, it is important to give them the space to choose their own paths, even if it means bringing in outside professionals to help lead the business.

At the same time, some principles remain constant. I learned from my father that hard work underpins any success, along with the confidence to take on challenges and the initiative to go out and earn customers' business. Those values have shaped the foundation of Rigby Group, and we are intentional about passing them on to the next generation in a way that aligns with how they want to work and lead.

Guided by the past, built for the future: How one family business stays grounded while evolving across generations



We sat down with Salman Shaban, a third-generation family member and business unit leader at Dubai-based metals recycler Lucky Group, to discuss his company's purpose, approach to governance, and plans for succession. He shared important generational insights and practical lessons that have helped his business endure—and continue to evolve.

Your family business has thrived for generations. How did it get its start, and what do you credit for its longevity?

My grandfather established a trading business in the 1960s with a longer-term vision to add more value than simply transferring goods from Point A to Point B. In 1973, he and my uncles, two of his eldest sons, transformed the company from commodities trading into a value-add model focused on metal recycling, starting in the United Arab Emirates. It has since grown to a network of recycling operations around the world, with strategic footprints in North America, the Far East, and the Middle East.

Each of these operations is independently owned and managed by a resident family member, with operational autonomy under the shared banner of our family business. While we are geographically dispersed, we remain aligned by following common models and standardized operating procedures. We also stay in close contact, sharing wisdom and best practices informally and in weekly virtual family business meetings.

Governance has been critical to making this model work. With operations spread across regions and generations, we rely on third-party oversight to maintain consistency and objectivity, turning to external board members, auditors, and advisers for guidance. Members of the second generation remain active in the business, alongside the third generation. We also benefit from the strategic input of longtime employees who have become part of the family.

We have a corporate board that manages the business, and an informal family board—which I highly recommend—focused on areas like training, mentorship, ethics, and family meetings. Together, they help keep the business and the family grounded, aligned, and prepared for the future.

How have you approached succession planning—and what steps do you take to ensure the next generation is ready?

We anticipate our fourth generation will be joining the business soon. A number of them are in their late teens and early twenties, currently studying at university or working summer jobs, so succession is top of mind for us. Fortunately, we have a strong foundation on which to build a plan that suits the next generation as they come of age.

My late uncle, one of the founders of Lucky Group, was a visionary leader who believed in documenting our family's experiences and values so that future generations can learn from them. We revisit these memories often, and we cherish what our elders left behind to inspire and guide us.

We also have a core ethos surrounding our family and business—principles passed down by our second-generation leaders. The first tenet is to remain debt free, a policy our elders always followed. While we cannot predict the future, we intend to honor their advice and continue to avoid leverage. Second, we fully hedge our market exposure, using pricing and investment strategies to protect against commodity price swings and volatile markets.

This ethos is shared with family members throughout their lives. Understanding and embracing it played a key role in our transition from the second to the third generation, and we expect it will continue to shape and support future generations.

That foundation is reinforced through early exposure to the business. When next-generation family members reach junior high school, they begin visiting our factories, plants, warehouses, and offices so that their DNA starts to build around the family business. In my case, my father and uncles would bring treats and allow us to play games to make the business feel like a fun place, not a boring one.

And once the next generation enters their 20s, they join our weekly family business meetings to start learning the dynamics and inner workings of the business.

For those interested in joining the company, there is a clear path. Family members must hold at least an undergraduate degree or a college diploma and have some outside work experience. They then enter a management training program and take on a series of roles with full accountability. For example, after I joined Lucky Group, I worked in our global offices across multiple countries. I rotated through every corner of the business—trading offices, warehouses, recycling operations, and manufacturing plants, as well as the head office, where I was exposed to logistics, risk management, human resources, sales, procurement, and more.

What are some key lessons you have learned to pass down to future generations?

Looking back over our history, we have learned that every decade brings a new lesson, whether it is due to political upheaval, a financial crisis, or a medical crisis like the COVID-19 pandemic. Our core principle of risk aversion, combined with our operating model of independent business units, allows us to stay agile. We think of ourselves as fast-moving ships, able to adjust course quickly when needed. This agility helps us keep our edge in today's VUCA world of volatility, uncertainty, complexity, and ambiguity. No matter how strong your internal benchmarks, you need to be ready for external shocks that can catch you off guard.

Our previous generations also taught us to take a long-term view. Later this year, we will celebrate the 50th anniversary of our first brick-and-mortar recycling facility established in Dubai, UAE.

While our flexible approach has allowed us to adapt to changing customer demands, that facility still stands in the same location it was built in 1976. I remember my uncle saying that the factory wasn't built for him —but for our children, and generations to come.

Another best practice is how we meet the logistics challenge presented by today's global economic uncertainty, with shifting tariffs, regulations, and trade policies. Because our business is supply chain-heavy—recycled metals are a raw material that go into products like planes, cars, TVs, and appliances—we closely monitor potential disruptions. As part of our business continuity plan, we have adopted what we call a three-quote system applied to every critical supply or service, including banking, commodities, logistics, and vendor relationships. For each of these, we maintain three qualified partners. If there is supply chain disruption and one fails, we have two backups. The moment we have turned to the first backup, we are already sourcing a fourth supplier.

These are the lessons we will pass down to future generations—we also believe in sharing them with our colleagues and peers. That said, we are still learning every day. As our elders showed us, you must be ready to unlearn and relearn again. That mindset—of staying open, adaptable, and grounded in what came before—may be the most important legacy we can carry forward.

2 Next generation

Next-generation preparedness is a core strategic challenge for family businesses focused on continuity and long-term value. As leadership and ownership transition, the readiness of successors directly influences performance, governance stability, and stakeholder confidence. Preparedness extends beyond formal education to include leadership judgment, strategic perspective, and a clear understanding of the family's role as owners and stewards.

In an environment of rapid change and global competition, future leaders should be able to make disciplined decisions while adapting the business to evolving market realities. When successors are well prepared, transitions strengthen stability and enable renewal. When they are not, succession introduces risk and possible value erosion. For family businesses with multigenerational ambitions, investing in next-generation preparedness is not optional; it is a fundamental element of effective governance and business strategy.

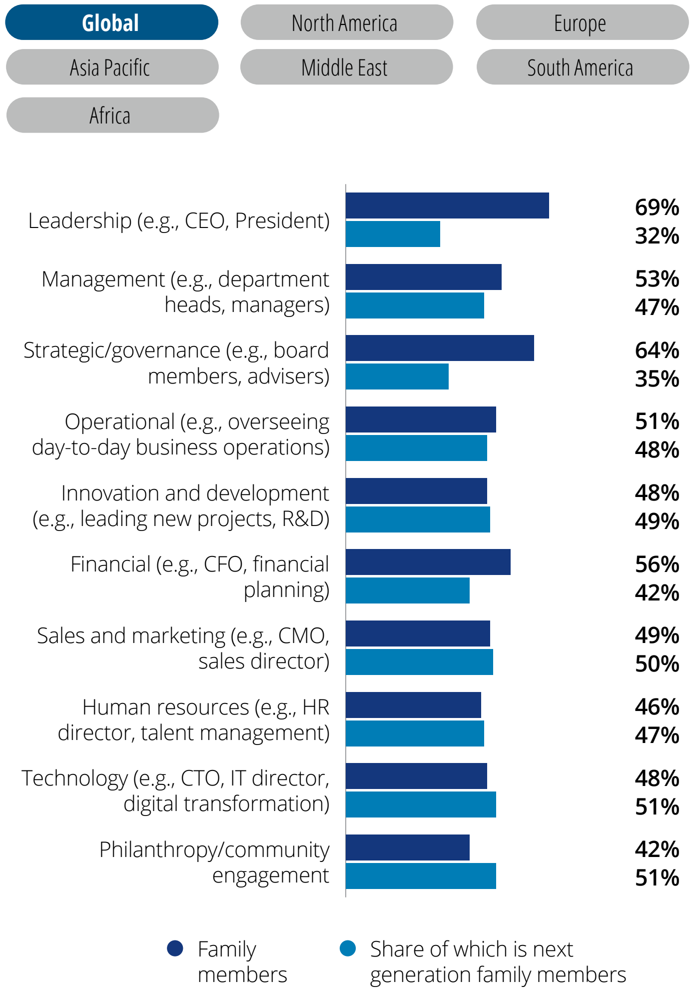
> *If we do not allow the next generation to learn and make mistakes, they will be unprepared when the time comes to assume leadership.*
> **Managing director,** large-scale distribution company, United States

Technology and philanthropy roles serve as proving grounds for next-gen succession

As the results in figure 2.1 make clear, family members often hold roles of authority: leadership (69%), management (53%), strategy/governance (64%), and finance (56%). And while the global averages show that senior family members retain top-tier roles, next-gen are actively stepping into managerial, operational, and transformation-facing positions. Specifically, the next generation accounts for a slight majority of family members in technology and philanthropy roles (51% each), an even split (50%) in sales and marketing roles, and a near majority in innovation and development (49%), operations (48%), management (47%), and human resources (47%).

Older generations continuing to hold the most senior roles helps ensure continuity, protect reputation, and minimize disruption. Management, innovation, technology, and philanthropy are common "testing grounds" for next gen. They build credibility in these spaces before moving toward CEO or board-level positions as the business and family mature. This pattern is generally seen across the regions where the number of older family members exceeds that of next-gen members in senior positions. This is especially manifest in the Middle East and Africa where potentially strong patriarchal traditions leave older generations in command, while next gen are tasked with outreach, digitalization, and social impact.[6]

Figure 2.1: Roles family members and next-generation family members play in the family business



2 Next generation

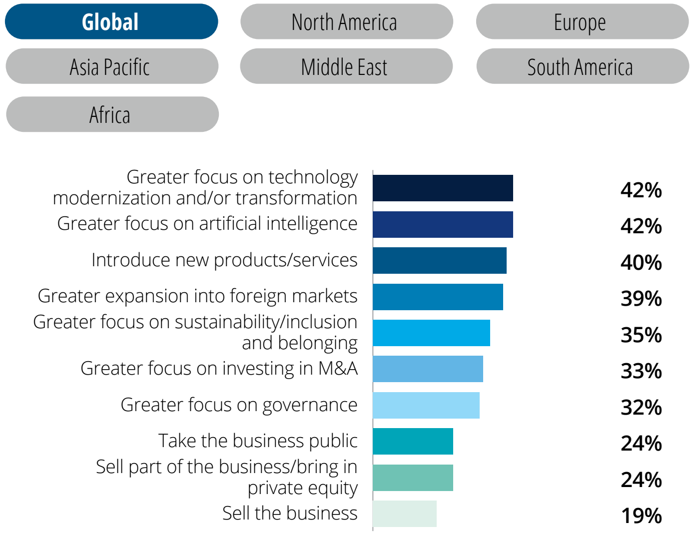
Next gen set to impact family businesses' technology/AI and innovation capabilities in future

As figure 2.2 shows, the next generation will likely reshape the future of family businesses both profoundly and eclectically. Their priorities reflect a generation eager to embrace digital transformation and to expand globally. Specifically, leading areas of future focus include technology modernization (42%), AI (42%), new products/services (40%), expansion into foreign markets (39%), and sustainability/inclusion and belonging ambitions (35%).

These results are not necessarily surprising given where the younger generation seems to spend their formative experiences in the family business—namely in technology and philanthropy roles, as shown in figure 2.1.

Regionally, results in the mature markets of North America, Europe, and Asia Pacific largely mirror the global results, including the notable impact of the next generation in reshaping the future of family businesses with respect to technology transformation, AI, and product and service innovation. The impact of the next generation in those areas is especially manifest in the emerging markets of South America and Africa, where results are meaningfully above global averages. These are fast-changing markets where digital catch-up, leapfrogging, and product innovation will likely play important roles in economic development over the next decade.

Figure 2.2: Ways in which the next generation is likely to reshape the future of family businesses (Multiple options permitted)



Tech advancement and leadership skills development are the top challenges next gen face

While no *single* challenge stands out at the global level for next gens employed by the family business, the leading cluster of challenges—a need for operational technology advancement (38%), developing leadership/skills (37%), competitiveness (36%), and keeping pace with industry innovations and trends (36%)—are logical (figure 2.3). These areas rise to the top because they represent existential risks and opportunities for family businesses: the ability to harness technology, grow capable leaders, and remain competitive serve as the demarcation between those who typically prosper and those who do not.

These areas are also interconnected. Tech advancement may require digital-savvy leadership, and both are key to remaining competitive. Failing in any one of these areas can have compounding effects across the business. And family businesses in particular, often with deep-rooted legacy systems and cultures, can find modernization daunting.[7] While next gens are often expected to spearhead digital transformation, they may face reluctance from older family members or employees who value "what has always worked."

At the regional level, next gens in Africa and South America rate tech advancement as an especially daunting challenge at 51% and 47%, respectively. This may be attributable to lagging digital infrastructure and pressure to leapfrog older tech stages beyond the challenges that the younger generation faces with respect to tech modernization across the regions more generally.

Figure 2.3: Challenges the next generation face while working in the family business (Multiple options permitted)

2 Next generation

Families see practical, accountable experience as a top driver of next-gen preparedness

Given the challenges identified in figure 2.3, it is perhaps unsurprising that the top measures being taken to support the next generation for succession are practical and formal approaches to professional development. As figure 2.4 shows, top measures include the adoption of formal roles with an accountability/performance management structure (44%), on-the-job training in the family business/shadowing of leadership (43%), formal discussions about the business's strategic planning (41%), and relevant outside work experience (40%).

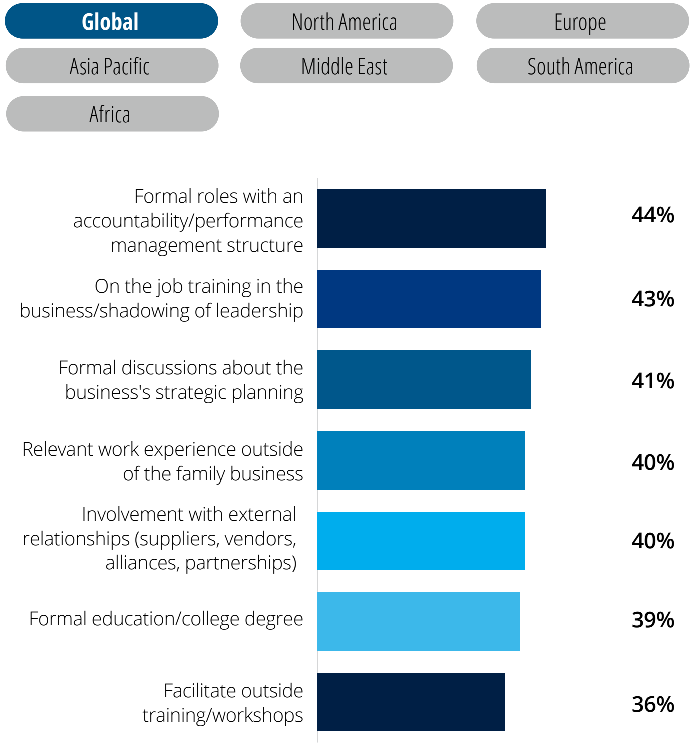
What the data reveals is a clear trend toward professionalizing succession. Assigning formal roles signals a shift from informal, family-centric management to clearer, merit-based structures. As family businesses face more complex environments, hands-on learning by way of shadowing leadership and outside work experience is important for developing adaptive, entrepreneurial, and globally oriented mindsets.

These trends largely hold true across the regions but variability is most evident in the emerging markets of the Middle East and Africa, where there is a greater emphasis on formal roles with an accountability/performance management structure (51% and 49%, respectively), potentially reflecting rapid economic growth and the need for more robust internal governance.

Interestingly, the importance of a college degree ranks sixth globally at 39%. Although formal education is still valued for underpinning leadership with technical and analytical skills, especially in increasingly regulated sectors, family businesses may see practical and experiential training as even more valuable in preparing the next generation for succession.[8] Here, too, respondents from the Middle East (58%) and Africa (56%) diverge from the majority consensus, perhaps reflecting a growing trend toward academic credentialism in fast-growing markets.

> *The founders and members of the next generation now serve as board members, having transitioned from daily operations to strategic oversight. Our business unit structure empowers professional teams to execute strategy while the family provides vision and guidance.*
> **CFO,** large-scale manufacturing company, United States

Figure 2.4: Measures being taken to support the next generation's preparedness for succession (Multiple options permitted)

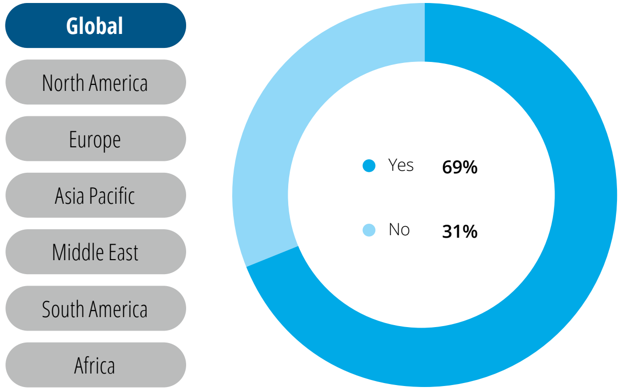


Most require next gen to have outside work experience to join the family business

Figure 2.5 puts in even more unambiguous terms the importance of outside work experience that figure 2.4 touched upon. When put in a "yes or no" format, 69% of respondents say that their businesses have a formal policy in which next-generation members are required to gain outside work experience before they join the family business in any role, not specifically in succession-related roles. Regionally, results are generally in line with overall results, ranging from 62% in South America to 77% in Asia Pacific.

> *We have established a rule that requires family members to gain at least two years of relevant external work experience before joining the business. Once they are part of the company, our HR team engages with them on a semi-annual basis to review their progress, interests, and development areas.*
> **Gage Kent,** third-generation family principal and CEO, KENT WORLDWIDE, Est. 1927, United States

Figure 2.5: Whether businesses have a formal policy in which the next generation are required to gain outside work experience before they join the family enterprise



Legacy in motion: Navigating succession and next-generation leadership

As the second-generation managing director of Richard Crookes Constructions, a leading family-owned Australian construction management firm with US$1.5 billion in revenue, Jamie Crookes offers a candid look at sustaining growth and managing the generational transitions important to future success.

Your family business has been driven by your father's passion for the craft of construction since its founding in 1976. As you helped guide the company and build on his legacy, how has your approach to leadership and succession evolved and what lessons have emerged as you look toward the future?

I joined the business in 1987 and am proud of the strong partnership I have built with my father during our 39 years of working together. His foundational, risk-aware approach coupled with an openness to exploring new opportunities created a culture that has been essential to our growth and resilience. We have evolved into an organization that delivers construction management services to both the public and private sectors across a wide range of projects, including schools, hospitals, and commercial spaces.

Our first generational transition took place about 20 years ago, when I moved into a leadership role. That experience showed us the importance of planning ahead and engaging independent perspectives to support the process.

Today, there are three of us in the second generation, and we are taking steps toward our next generational transfer. While I am the only one of my siblings involved in daily operations, we are all shareholders, which makes communication and clarity essential. With eight members of the third generation, including two of my sons who have started exploring careers in construction, we want to ensure we put the right structures in place early.

How are you preparing your business—and your family—for that transition to the third generation?

We are being intentional in building our plans for the future. A key priority for us is to not create a sense of obligation—family members should join the business because they are genuinely interested, not because of any perceived pressures. At the same time, we are working on clearer guidelines for progression, so that any family member who joins knows advancement is based on merit, supported by oversight from our independent directors. The board now includes two external members who bring an outside perspective on governance and risk, which is invaluable as we focus on succession and long-term sustainability.

At the same time, as the business grows, so does the complexity. We are trying to get ahead of any misunderstandings by establishing transparent processes, clarifying expectations, and communicating openly among siblings and the wider family.

What value have you found in this approach to succession and family business governance?

Above all, having structured conversations—even when they are uncomfortable—has made a real difference. External guidance and independent voices have helped us tackle difficult topics head-on, rather than sweeping them aside. This process has strengthened both our family ties and the business itself. It is reassuring to know that we are not alone, and that many families face these challenges. Taking a proactive, honest approach has been essential to keeping our business—and our family—united for the next generation.

3 Succession as strategy: Elevating next-generation preparedness

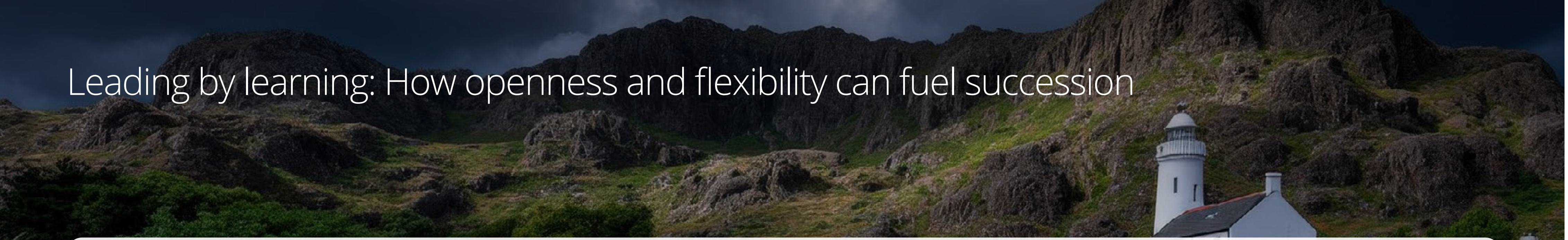
Succession remains both a proving ground and an inflection point for family businesses worldwide—a pivotal moment where legacy, leadership, and the future converge. This research reaffirms the important role family businesses play in fueling the global economy, while also illuminating the profound fragility inherent in generational continuity. Despite a widespread recognition of succession's importance and encouraging signs of preparedness, the journey from intent to implementation is still incomplete for many businesses. Robust, thoroughly developed succession plans and unqualified confidence in next-generation leadership remain the exception—not the rule.

As generational transitions accelerate in the coming decade, these findings reveal both progress and persistent structural barriers. Planning frameworks often lag behind today's challenges, constrained by talent readiness gaps, difficulty identifying suitable successors, and occasional reluctance among senior leaders to cede control. These dynamics are especially acute in rapidly developing regions, where evolving market demands and traditional family expectations can be at odds. Yet, forward-thinking businesses see opportunity amid this complexity—demonstrating a growing willingness to bring in external professionals where appropriate, and to embed succession within broader, modern governance models.

Next-generation preparedness has thus emerged as an imperative for sustainable growth. Families are taking a more pragmatic, proactive approach: equipping next-gen leaders with practical, accountable roles in technology, innovation, and philanthropy. These assignments provide both real-world proving grounds and powerful catalysts for new thinking. Preparedness is no longer simply about formal education or inheritance, but about hands-on experience, open dialogue, and structured development.

The path forward is clear but likely demanding. Enterprises should institutionalize development programs that cultivate both technical and leadership skills—making outside experience a norm, not an exception—and foster transparent, intergenerational conversations to help ensure successors are empowered and incumbents are prepared to step aside.

By elevating next-generation preparedness to a core strategic priority and embedding it within governance, family businesses can transform succession from a source of vulnerability into a platform for lasting advantage—to help ensure resilience, relevance, and long-term value creation across generations.



Leading by learning: How openness and flexibility can fuel succession

Succession can be a sensitive topic for family business leaders, especially when preparing the transition from founding owners to the next generation. To shed light on how one company is rising to this challenge, we spoke with the CEO of the financial division of a Mexican conglomerate, who shared the lessons, risks, and best practices shaping the company's generational journey.

As a trusted executive who is not a member of the founding family, you bring a unique perspective on the business dynamics. Can you share a brief history of the company and describe the intergenerational relationships and associated risks?

The company was founded in the 1980s with a focus on the food industry, drawing on the family's background in cattle ranching. Over four decades, it has grown into a diversified group with ventures in food, real estate, agribusiness, and financial services, driven by the founders' belief in "creating value to consumers in any industry."

The business is led by the first-generation siblings, who have built and guided the business together. A significant portion of the next generation is now working in different roles across the organization. The founders' biggest concern is not economics, geopolitics, or market volatility, but the possibility of losing the culture and values as the family transitions leadership.

How is the first-generation leadership addressing that concern, both structurally and culturally?

About 15 years back, the founders worked with an external adviser to establish a formal protocol to guide how family members can join and progress in the business. It originally required 12 years of rotational experience, with aspiring leaders expected to learn "from the bottom up." While well intentioned, this mandate became a source of tension as younger family members experienced success outside the family business and did not want to start over. In response, the founders chose flexibility over rigidity—they modified the protocol to recognize relevant external expertise, building flexibility into career pathways and allowing the company to benefit more immediately from their next-generation talent.

They also hold formal, multi-day family forums led by professional facilitators to air intergenerational concerns and align objectives. And they created a series of weekly second-generation board meetings so the rising leaders' voices can be heard, and their ideas adopted where relevant. For example, second-generation members have influenced the company's approaches to board rotation, digital transformation, and policies on potential conflicts of interest with stock transfers.

What do you see as the primary lessons from the company's approach to succession and governance that other family businesses might learn from?

The founders' willingness to listen, adapt, and empower the next generation is key to sustaining both performance and culture through a leadership transition. They also continually work to sustain the company culture by sharing stories, recognizing employee contributions, fostering open dialog, and embracing new ideas.

The company's commitment to continuity and renewal is also evident in its internal "university" for employee development, the use of structured forums to tackle challenging topics, and a balanced board that includes both family and independent members. By blending tradition and innovation—and by learning with, not just from, the next generation—the founders have built a foundation for continued growth and a legacy to thrive well into the future.

Endnotes

1 Asian family businesses, Russell Reynolds, September 2021

2 Family leadership refers to the role family members play in shaping the vision, values, strategic direction, governance, culture, and continuity of the family enterprise across generations.

3 Securing legacies succession planning, Lombard Odier, November 2025

4 When the Head of a Family Business Is Impaired — and Won't Step Down, Dennis T. Jaffe and Ana Resende, April 2022

5 Amid growing risk and complexity, family businesses show they're built to last, Zack Needles, October 2025

6 Family businesses in the Arab Middle East: What do we know and where should we go?, Georges Samara, September 2021
Succession without structure: a multilevel study of family business transition in Sub-Saharan Africa, Felix Orole, February 2026

7 Digital transformation for family-owned companies, Kara Baskin, February 2023

8 Underlying Student Learning Theories as Profiling to be Successful in Family Business, Rsisinternational, September 2024

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