



Selecting the *seat*

Mentoring and preparing a family successor

Part 2 of the series, *Setting the table: Succession planning strategies for family business legacies*

Succession planning is a critical process for family businesses committed to continuity and long-term value.

The process is inherently proactive—it sets goals, clarifies decision rights, and establishes policies and processes to develop talent over time. It also should remain dynamic—evolving as strategy, family dynamics, and candidate readiness change.

In our previous article, we explored foundational considerations for succession planning—timing, board responsibilities, and the choice between next-generation family leadership and non-family management. In this article, we'll discuss the steps businesses should consider once they've identified a family member as the successor.



Why many families choose *next-gen leadership*

For many families, keeping leadership responsibility within the family is rooted in a desire to maintain alignment between family and business strategy in areas such as mission, vision, values, and purpose. Family leaders are also often expected to reinforce hallmark strengths of family enterprises, including taking a long view, staying entrepreneurial and agile, investing in people, and managing the balance sheet prudently. In Deloitte's 2025 Family Business Succession Planning Survey of more than 300 executives, 57% of respondents believe a family member is the most likely successor to the current CEO.

Laura Pearson, Deloitte's US Family Enterprise leader, notes,

"When an enterprise chooses to keep leadership in the family, the focus shifts from selection to readiness. That work often includes structured development for the successor, clear and transparent communication with stakeholders, and deliberate launch planning so the next leader can step in with credibility and support."

However, Deloitte's survey highlights a readiness gap: **61%** report at least one family member interested in the Chief Executive Officer (CEO) role, but only **23%** of those candidates are viewed as "capable today."



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Managing expectations *(before you name the successor)*

Family enterprises manage a uniquely broad stakeholder set including shareholders, family members inside and outside the business, non-family executives, employees, and external partners. Two groups often feel the highest stakes in leadership transitions: family members who believe they should be considered and non-family executives who may view the top job as a logical next step.

Transparent communication builds confidence and reduces uncertainty—especially before a successor is formally named. In many organizations, the board of directors has primary oversight of succession planning and plays a key role in setting expectations and reinforcing transparency throughout the process. Stakeholders should understand the selection criteria, with consideration given to merit, leadership potential, and business needs so the decision is not perceived as driven solely by family ties.

Effective engagement typically spans multiple forums, including family meetings, discussions with the family council, and structured involvement of the board of directors (often through the nominating and/or governance committee). A strong board can add independent judgment, reduce perceived bias, and create clearer accountability.

Family harmony matters because successors must navigate overlapping roles—as a family member, an owner, and the person accountable for leading the business. Deloitte’s survey underscores the need for alignment: **85%** of respondents believe family consensus and support are critical ingredients for success.

Non-family executives also need deliberate support. Leaders should explicitly recognize their value, provide meaningful growth opportunities, and reinforce transparent, performance-based decision-making—especially when a family candidate is selected.

Since the pre-announcement period can be highly sensitive, it often requires extra structure and careful timing. In Deloitte’s survey, **56%** of respondents rated the quality of internal succession communications as fair or poor.

Communication here isn’t as simple as “share more, sooner.” Leaders need to balance transparency with confidentiality, manage anxiety about incomplete information, and avoid signaling decisions before they’re final. A predictable, two-way cadence, regular updates, clear decision points, and explicit recognition of professional leadership contributions help reduce resistance and prevent surprises.

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Building and implementing a *development plan*

Building a *leadership bench*—through development, stretch opportunities, and clear pathways—creates multiple credible options over time. This is not hedging; it is risk management. Even the most “obvious” successor can underperform, while less visible talent can rise quickly with the right experiences and coaching.

Joan Goodwin, a managing director in Deloitte Consulting’s Human Capital and Workforce Transformation practice, underscores this point:

“When we think about succession planning, it’s really essential to organizational continuity, risk management and long-term value creation because it works to ensure there’s always ready talent for critical positions.”

For those roles, she recommends the succession list be at least **three candidates deep**—helping build a culture of succession with an ongoing bench of “ready now” and “ready later” candidates for a variety of roles.



Part 2: Selecting the seat

A well-structured *development plan* can be a roadmap for preparing a next-generation leader. It can start with a candid assessment of strengths, gaps, and motivation, followed by a measurable plan across three capability areas: business and technical acumen, leadership and execution, and behavioral attributes.

Goodwin describes this as a success profile—distinct from a job description. The point is not “can they do the current job today?” but “what capabilities are required to set and execute strategy for where the business is going?” That requires clarity on future enterprise needs (e.g., global expansion, mergers and acquisitions, major technology implementation, alliances, etc.). The plan should include timelines, targeted experiences, objective milestones, and regular check-ins—typically with the CEO and, ideally, the chair of the nominating committee—to recalibrate as the business evolves.

Additionally, Wendy Diamond, partner at Deloitte Tax LLP, encourages organizations to consider education, involvement, and empowerment for a strong development plan.

“Each of these components is critical. It’s about learning the industry and business, becoming more involved through various assignments, and finally becoming more empowered.”

Deloitte’s survey data aligns with this progression. Respondents cited the most valuable development experiences as increasing leadership responsibilities inside the business (**70%**), rotational assignments (**67%**), and work experience outside the business (**56%**).

01

Business and technical acumen:

industry knowledge, financial fluency, and operational understanding

03

Behavioral attributes:

judgment, temperament, communication, cultural sensitivity, empathy, and servant leadership

02

Leadership and execution:

vision, strategy, decision-making, and talent leadership

Outside before *inside*

External experience helps emerging leaders build credibility away from the “boss’s child” spotlight while developing resilience, perspective, and adaptability. This could be gained in other organizations within the family enterprise’s industry, or in different industries where transferable best practices may be valuable. It also expands networks and exposes future leaders to operating models they can later tailor to the family enterprise. Many family charters now require outside work experience before joining the business. Deloitte’s Family Business Succession Survey suggests this is increasing. Among current-generation employees surveyed, **48%** worked only in the family business, compared with **29%** of next-generation employees.



Advanced education and formal *training*

Formal education (business, finance, industry-relevant disciplines) creates a baseline. Executive education, certifications, and ongoing learning keep successors current on market shifts and signal professional seriousness—both of which strengthen leadership legitimacy.



Rotational assignments and *progressive responsibility*

Rotations provide enterprise-wide understanding and credibility with employees across functions. Pair rotations with challenging, outcome-based assignments—some deliberately uncomfortable—to accelerate growth. Track

performance, gather multi-rater feedback, and adjust the plan as needed. Over time, this approach helps successors earn trust from both family and non-family leaders.

Visibility

Visibility bridges development to a confident handoff—letting stakeholders observe competence, character, and leadership style in real settings.

To the board

Goal: Build governance readiness and board confidence.

Where to show up: board meetings, committee sessions, advisory forums

What to show: strategy oversight, risk thinking, decision discipline

Proof points: directors can cite observed progress against agreed standards

To the family

Goal: Build support and reduce friction through alignment.

Where to show up: family council / structured family forums

What to show: maturity, humility, accountability

Proof points: clearer alignment to family strategy; fewer “surprise” objections

To the business

Goal: Earn followership before the announcement.

Where to show up: listening tours, operational engagement, key initiatives

What to show: track record, values/culture continuity, decisive action

Proof points: managers can point to outcomes (not just exposure)

To external stakeholders

Goal: Create continuity confidence before day one.

Where to show up: select customer/partner touchpoints; lender conversations (as appropriate)

What to show: ethical leadership, fiscal discipline, customer focus, relationship stewardship

Proof points: trust builds over time vs. being “demanded” at transition



Conclusion

Preparing a family member to lead a family enterprise takes more than good intentions—it requires disciplined planning, clear governance, and consistent communication grounded by education, involvement, and empowerment. The strongest transitions pair a defined success profile with a structured development journey, while actively managing expectations across the family, board, management team, and key external partners. When successors earn credibility through real responsibility—and incumbents and boards provide structure, exposure, and support—the handoff becomes a managed process rather than a high-stakes event. Done well, succession planning protects continuity, reinforces trust, and sustains the family legacy across generations.

In the third and final part of our series, **“Passing the plate: Executing the handoff and setting direction,”** we focus on turning the plan into action—managing the transition clock with clear deadlines and accountability, communicating early and often (to the family, the business, and the market), and transferring authority with the right guardrails so the successor can lead without “looking over their shoulder.” We’ll also share practical ways to de-risk the changeover through alignment, scenario planning, and stronger board engagement.

Questions for consideration

- What does “ready” mean for our next CEO—based on the enterprise’s future strategy (not today’s role)?
- How will we govern and measure the successor’s development plan (milestones, feedback, and go/no-go decision points)?
- How will we communicate the selection and readiness journey to family, the management team, and employees—balancing transparency with confidentiality?
- How will we retain and motivate non-family executives during the transition, with clear roles, growth paths, and decision rights?





Survey methodology

A survey of 300 executives from family businesses with knowledge of CEO succession planning was conducted online by an independent research firm in September 2025. Respondents included C-level executives, board members, and partners/owners of family-owned companies across the United States, each with annual revenues ranging from US\$100 million to more than US\$1 billion.

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