Spotlight
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Can extended families successfully navigate succession, and keep control across generations?

How dynasties endure: succession secrets of long-lasting family businesses

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In theory, modern markets reward professional expertise over family legacy. In practice, however, names like Wallenberg, Ford, Hermès, and Agnelli still resonate in Western boardrooms. These families haven't just survived—they've influenced entire industries for generations. This endurance defies the institutional view, which predicts that market-based systems will eventually crowd out family-based governance.

So what's really going on? How do some families manage to hand down not just wealth, but control, over many decades? And what specific practices allow dynasties to persist amid generational turnover, family complexity, and external threats?

This article explores new research that uncovers how Western family business dynasties engineer resilience through **careful succession practices**, involving not just successors, but the **entire extended family network**, including in-laws and nonsuccessors.

WHAT WE STUDIED: SIX DYNASTIES, CENTURIES OF LEADERSHIP

The researchers used a process-oriented, historical method to analyze six iconic Western family business dynasties across various industries and outcomes:

Hermès (France) – est. 1837 – Status today: Thriving

Agnelli (Italy) – est. 1899 – Status today: Thriving

Quandt (Germany) – est. 1883 – Status

today: Thriving

Gucci (Italy) – est. 1921 – Status today: Lost control (1995)

Vanderbilt (USA) – est. 1810 – Status today: Lost control (1950s)

Sainsbury (UK) – est. 1869 – Status today: Family still involved (minority stake)

Rather than merely tracking ownership changes or financial results, the study focused on **succession dynamics**—the people, relationships, and decisions that shaped each dynasty's continuity or decline. They used an evolutionary process model (variation, selection, retention) to map events across family, business, and external environments.

This approach brought to light a powerful insight: **succession isn't just a single event—it's an unfolding process with feedback loops across generations.**

KEY INSIGHTS: WHAT MAKES—OR BREAKS—A DYNASTY

1. Grandchildren, Not Just Children, Trigger Succession Planning

A surprising finding is that the birth of grandchildren often initiates the first real momentum toward succession. Why? Because it signals to the senior generation that their children are now mature and ready to lead. It creates urgency.

Case: In the Hermès family, Charles-Émile began preparing his sons for leadership shortly after his granddaughter Jeanne was born. The same pattern appeared in the Quandt family, where Günther Quandt became co-owner after his son was born.

This finding expands traditional succession literature, which typically focuses on the parent-child relationship. It reveals how **family lifecycle events** ripple into business decisions.

2. In-Laws as Strategic Assets—or Hidden Liabilities

Marriages bring new blood into the family—and with it, new resources, skills, and sometimes tensions. In-laws can revitalize a dynasty by contributing expertise or capital, but when mistrusted or excluded, they can become flashpoints for conflict.

Case: The Hermès dynasty integrated three sons-in-law into leadership when Émile Hermès had no sons—helping Hermès diversify into perfume and fashion. Counterexample: Patrizia Reggiani, Maurizio Gucci's wife, was seen as an outsider and later played a role in the conflict and scandal that fractured the Gucci family.

Dynasties that **embrace** in-laws and clearly define roles often see long-term benefits. Those that exclude or mishandle these relationships risk internal schisms.

3. Succession Often Happens Under Pressure

Death, political fallout, or financial turmoil frequently force families to make quick succession decisions—especially when no clear plan exists. In these moments, the **absence of preparation** magnifies risk.

Case: When Rodolfo Gucci died, no smooth plan was in place. What followed were lawsuits, boardroom battles, and eventually, Maurizio Gucci's controversial leadership and assassination. The family lost control shortly after.

Contrast that with families like Sainsbury or Hermès, who **groom successors over decades**, reducing disruption.

4. Bold Moves Define New Leaders—But Only Sometimes

Successors who emerge from **internal family competition** often feel the need to assert themselves—dramatically.

Case: John Elkann (Agnelli) created Exor, a new holding company, and pursued bold acquisitions after settling inheritance battles with his mother.
Case: Herbert Quandt launched rapid M&A activity post-WWII to reshape BMW's future.

In contrast, successors chosen due to **external shocks** (e.g., the government forcing a previous leader out) tend to be more conservative, continuing the path already laid.

5. Holding Companies Hold the Family Together

Legal and governance structures matter. Families that use **private holding companies** can better manage complexity, retain cohesion, and resist external takeover attempts.

Case: Hermès formed Émile Hermès SARL and H51 SAS to consolidate shares across over 50 family members. These structures helped it survive LVMH's attempted takeover.

Where holding companies are absent or weak, as in the Gucci case, fragmentation becomes more likely.

6. Nonsuccessors Are Not Side Characters

Most literature overlooks **nonsuccessors**—those who are not chosen to lead. This study shows they play a **decisive role**in either strengthening or weakening the dynasty.

- Cooperative nonsuccessors become board members, investors, or partners.
- Others disengage—or worse—compete against the family.

Case: Some of Aldo Gucci's sons launched rival fashion lines after being excluded.
Case: Andrea Agnelli led Juventus football club—outside the core Exor portfolio, but

still enhancing the dynasty's influence.

7. Learning Across Generations Is the Real Superpower

Successful families don't just repeat what worked in the past—they **learn** and **adapt**.

- The Agnelli family shifted its model of succession after each crisis.
- Hermès embraced gender equality over time.
- Quandt restructured its portfolio as new generations emerged.

This **recursive learning loop** distinguishes dynasties that persist from those that dissolve.

LESSONS FROM FAILED DYNASTIES

The study contrasts surviving dynasties with those that failed—revealing warning signs.

Vanderbilt: Successor Vacuum

Despite vast wealth and business assets, the Vanderbilt family failed to develop a successor after William Kissam Vanderbilt II's death. The lack of leadership led to a hostile takeover and bankruptcy by 1970.

Gucci: Conflict and Scandal

Maurizio Gucci's ascent was riddled with internal battles. His leadership alienated relatives, led to shareholder dilution, and culminated in his murder. With no family successors left, Investcorp acquired the company.

Sainsbury: Gradual Retreat

While less dramatic, the Sainsbury family's withdrawal from leadership was steady. By 1997, the family had become minority shareholders, with little operational control.

These cases underscore the **importance of clarity, cohesion, and planned transitions**. Even wealthy families cannot withstand poor succession management.

TAKEAWAYS: ACTIONABLE ADVICE FOR FAMILY BUSINESS LEADERS

Plan Early, Start with Grandchildren

Use key life events as prompts to begin succession discussions. The arrival of a new generation isn't just cause for celebration—it's a strategic signal.

See In-Laws as Assets

Define clear roles, communicate expectations, and consider their unique skills. Don't wait for tensions to fester.

Don't Wait for Crisis

Sudden transitions are inevitable. Ensure the next generation is ready—through mentorship, involvement, and ownership training.

Use Legal Tools Wisely

Holding companies aren't just about tax—they're strategic tools for governance, control, and unity.

Honor the Nonsuccessors

Offer meaningful ways to stay engaged—whether through boards, philanthropy, or spin-off ventures. Their goodwill matters.

Encourage Generational Learning

Document your journey. Share stories. Reflect openly on mistakes and lessons. Dynasties are built not just on strategy, but shared memory and learning.

IMPACT: RETHINKING SUCCESSION IN THE 21ST CENTURY

This study reframes family succession as an **evolving, multigenerational system**—not a one-off handover. It emphasizes that enduring dynasties are not just efficient, but emotionally intelligent. They understand that legacy is sustained not just through profits, but **through people**.

Amidst globalization, digital transformation, and rising demands for transparency, family businesses that master succession processes will be best equipped to balance tradition with innovation. The challenge is not to avoid change—but to manage it **together**.

RECOMMENDATIONS FOR PRACTICE

- Conduct a **succession audit** every 5 years—who's in the pool? Who's being prepared?
- Create a **nonsuccessor engagement plan**—how will you retain their support?
- Formalize family governance: **holding companies**, **family councils**, and **value statements** help guide transitions.
- Plan for both **expected and sudden transitions**: every dynasty needs a Plan A and a Plan B.
- Treat **family learning** as a strategic asset: invest in education, retreats, and shared history.

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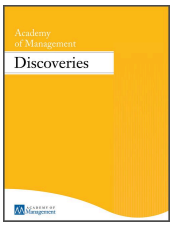
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