Spotlight
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What strategies help new family CEOs turn succession into renewal?

How new family CEOs drive change after succession

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Family firms are the backbone of most economies, representing over 70% of businesses worldwide. Yet one of their greatest strengths — longevity across generations — is also their greatest challenge. Passing the business from one generation to the next is not only an emotional process but also a critical strategic moment. Will the company keep up with innovation? Will it adapt to new markets? Or will it remain tied to its traditions?

Research consistently shows that **succession is the single most critical event in a family firm's life cycle**. It is a time when expectations collide: employees may hope for stability, the family might want continuity, and the new CEO often feels pressure to innovate. But whether change actually happens depends not only on the successor's vision but also on the **conditions they inherit on day one**.

This study by Waldkirch, Belschner, and Kammerlander (2025) sheds light on what happens after succession. Instead of looking at single factors (like CEO power or predecessor influence), the authors examine **configurations** of conditions — the combinations of power, relationships, and urgency that shape whether a successor becomes a bold reformer, a cautious caretaker, or something in between.

The key insight? There is **no one best way** to manage succession. Different setups call for different strategies.

WHAT WE STUDIED

The research is based on:

- **43 intra-family successions** in German family firms
- **74 in-depth interviews** with new family CEOs, employees, and predecessors
- **Extensive secondary data** such as press coverage, podcasts, websites, newsletters, and even company histories

The authors used **fuzzy-set qualitative comparative analysis (fsQCA)**, a method designed to uncover patterns in complex situations. Instead of asking "Does CEO power always lead to change?" they asked: **"Under which conditions does CEO power matter, and when does it not?"**

This configurational perspective allowed them to identify **five different pathways** to substantial post-succession change. They then grouped these into **three overarching solutions**:

1. **Authority** – top-down, power-driven change.
2. **Empowerment** – bottom-up, participatory change.
3. **Alignment** – cross-generational, collaborative change.

KEY INSIGHTS

1. Authority: Leading from the Top

Authority-driven change occurs when successors inherit **high power, emotional distance from the firm, and little interference from predecessors**. In these situations, the CEO can make bold decisions quickly, often out of necessity.

Case example (Manufacturing firm, 4th generation):

A daughter unexpectedly stepped in after previous successors failed. Having built her career outside the

family firm, she entered with **fresh ideas and independence**. Rather than easing in, she launched a digital transformation, introduced AI in production, restructured management, and promoted diversity in leadership. Employees resisted at first, but her **top-down authority** allowed her to push through rapid change that positioned the company as an industry pioneer.

Case example (Food manufacturing, 4th generation):

A new CEO found a century-old company "stuck in time" — still relying on typewriters while competitors embraced e-commerce. Facing crisis, he wielded his ownership power to enforce sweeping reforms: breaking silos, digitizing operations, and reshaping company culture. Employees complained of his relentlessness, but within years, the company regained profitability.

Lesson: Authority works best when urgency is high and continuity is less valued. But it risks alienating employees if overused.

2. Empowerment: Leading from the Bottom Up

Not every successor inherits power or independence. Some are deeply embedded in the firm or lack ownership authority. In these cases, the most effective strategy is **empowerment** — engaging employees in participatory change.

Case example (Retail firm, 2nd generation):

Two siblings, both with long careers outside the family firm, returned to take charge. Although they had ownership power, they chose not to rely on it. Instead, they launched a **bottom-up change program**, inviting employees to experiment with new work models like remote work and self-managed teams. The siblings constantly communicated the vision, persuading employees of the need for change even though the business wasn't in crisis. Over time, the culture shifted from rigid hierarchy to cooperative flexibility.

Case example (Services firm, 3rd generation):

Two brothers inherited a stable company but recognized looming threats from digital disruption. Without ownership stakes or outside experience, they lacked traditional power. Their solution? **Conferring responsibility** to employees. They empowered teams to redesign processes and experiment with digital tools. Employees, once passive, began to "own" the transformation. What started as cautious adjustments became a radical overhaul of culture, structure, and processes.

Lesson: Empowerment is slower but builds deeper, lasting change. It works when successors lack formal authority but can mobilize collective energy.

3. Alignment: Balancing Power and Tradition

Sometimes, new CEOs inherit both **power and a strong predecessor presence**. In these cases, neither pure authority nor pure empowerment is enough. Instead, success depends on **alignment**: engaging the predecessor, employees, and stakeholders in a shared vision.

Case example (Beverage firm, 5th generation):

The successor had ownership power, industry experience, and a strong mandate to act. But his father, the predecessor, was still a visible presence in the firm. Rather than clashing, the new CEO chose to **coordinate carefully**. He invested months in listening, holding meetings across departments, and involving employees in shaping changes. At the same time, he maintained regular one-on-one dialogues with his father, using the predecessor's legitimacy to smooth resistance. The result was a carefully staged transformation: a move from patriarchal culture to collaborative, agile practices — without rupturing family harmony.

Lesson: Alignment is delicate but powerful. It allows firms to innovate while preserving legacy, provided the successor can balance respect with initiative.

TAKEAWAYS

For New Family CEOs

- **Diagnose your structural setup.** Do you have authority? Are you close to the predecessor? Is the business in crisis?
- **Choose a strategy that fits.**
  - Use **commanding** (authority) if you have power and urgency.
  - Use **conferring** (empowerment) if you lack power but can rely on employees.
  - Use **coordinating** (alignment) if tradition and continuity are strong.
  - Use **communicating** if urgency is low but future challenges loom.
- **Beware of mismatches.** Using authority in a context that demands alignment may trigger conflict; relying on empowerment in crisis may waste precious time.

For Families and Boards

- Clarify the successor's **real authority** before the transition. Mixed signals undermine leadership.
- Decide together how involved predecessors should remain. Visible support can help — interference can hinder.

- Accept that **different successions require different change speeds**. Not every successor will (or should) be a disruptor.

For Policymakers and Advisors

- Training shouldn't stop at the succession event. Successors need **skills for leading change**, not just taking over.
- Support peer networks where successors share strategies and learn from diverse approaches.
- Recognize that family firms are not monolithic. Tailored advice matters more than one-size-fits-all toolkits.

IMPACT

This study challenges the myth of the "heroic successor" who single-handedly reshapes the firm. Instead, it shows that outcomes depend on the **match between context and strategy**. By framing succession as a **configurational puzzle**, the authors provide a roadmap for navigating complexity:

- Authority shows how distance and power can accelerate change.
- Empowerment demonstrates how closeness and collective involvement can sustain it.
- Alignment proves that even strong predecessor legacies can become assets, not obstacles.

For family firms, the message is clear: the successor doesn't simply inherit a role — they inherit a **structural setup**. Success lies in reading it correctly.

RECOMMENDATIONS

Family business leaders should:

1. **Map their setup.** Honestly assess power, predecessor involvement, emotional ties, and business needs.
2. **Select a strategy consciously.** Authority, empowerment, alignment, or communication.
3. **Stay flexible.** Conditions evolve: a calm setup may turn urgent; a cooperative predecessor may withdraw. Strategies must adapt.
4. **Invest in dialogue.** Whether commanding or empowering, transparency and communication increase legitimacy.

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