OLIVEWOOD ADVISORS

A GUIDE FOR FAMILY BUSINESS OWNERS

Navigating Succession

When the next generation chooses a different path.

INTRODUCTION

There is a conversation happening quietly inside successful family businesses.

You hear versions of it in CEO peer groups, at industry forums and in private conversations with trusted advisors. The details vary, but the question is often the same: *what happens to the business if the next generation doesn't want it?*

It's not uncommon for adult children to have built careers of their own, pursued interests outside the business, or admired what you've built without wanting the responsibility, financial concentration or lifestyle that comes with owning it. Pride in their independence can sit right alongside any disappointment that the company story won't continue as you once imagined.

Choosing a different path than family succession is not a failure of the business, the owner or the next generation. It is a decision, and it deserves to be made deliberately rather than absorbed in silence.

In practice, a family business can have a successful succession without remaining under family ownership forever. This Guide is for owners weighing that reality: not how to preserve a particular ownership structure, but what the family ultimately wants to preserve.

The numbers reflect this shift. According to PwC's Global NextGen Survey, roughly 70% of family businesses hope to pass ownership to the next generation, yet only about 30% actually do. (Source: PwC Global NextGen Survey)

> If you're reading this because something has already forced the question (a health scare, an unsolicited offer, a shift in the industry), the frameworks ahead still apply. You simply have less runway to work through them, which makes it more valuable to get to clarity quickly, not less.

WHAT'S INSIDE

01 · THE ASSUMPTION BUILT IN

Succession isn't one decision. It's *four.*

Family-business succession is often discussed like a relay race: one generation hands the baton to the next. That model works for some families, but it can obscure how many separate decisions are actually involved. A daughter may be an exceptional CEO without wanting the family's wealth concentrated in the company. A son may want to remain an owner with no interest in operating it.

01

Who should own the business?

Who has the desire and financial capacity to assume the responsibilities of ownership?

02

Who should lead the business?

Who has the experience, credibility and capability to guide the company forward?

03

Who should benefit economically?

How should family members with different roles participate in the wealth the business created?

04

What gives the enterprise its best future?

What does the company need from its next generation of ownership and leadership?

For some families, these questions lead to the same answer. For many others, they don't, and recognizing that distinction early creates real options: professional management operating a family-owned company, family members remaining investors without executive roles, an internal transition, outside capital, or a third-party sale. The shift starts with letting go of the assumption that succession has only one definition.

Before "are they ready," ask: do they *want it?*

Much of the traditional succession conversation focuses on readiness: does next gen have the experience, credibility and resilience? These questions matter once a family member wants to lead. There's an earlier question that deserves an equally candid answer first: does this person actually want to own or run the business, apart from any sense of duty to it? It can be surprisingly hard for a family to ask without expectation creeping into the answer.

Children understand how much the company means to their parents. They may feel an obligation to protect something important even when their own ambitions point elsewhere, and owners can read that hesitation as ingratitude, or as evidence they somehow failed to make the business attractive enough to continue. Those interpretations often place unnecessary weight on what may simply be a personal choice.

It's worth remembering the next generation is navigating this too, often quietly, and long before the family discusses it out loud. A child with no interest in running the company may still carry real guilt about saying so, or worry that wanting a different life reads as a lack of appreciation. Naming that directly, rather than letting it go unspoken on both sides, tends to make the rest of the conversation considerably easier.

A 2026 Deloitte Private survey found 61% of family businesses have at least one family member interested in becoming the next CEO, yet only 23% believe that person is ready to take on the role in the near term. (Source: Deloitte Private, 2026)

Families deserve an honest answer before moving into discussions about capability, structure or transition. Creating opportunity for the next generation does not require deciding what they should do with it.

What are you really trying to preserve?

When an owner says "I'd really like to keep it in the family," the statement usually represents far more than ownership: a name on the building, generations of employees, community presence and more. Beneath all of it are often values that existed before the company did. Before answering the ownership question, it helps to name what the family is actually trying to protect.

This exercise is designed to surface a conversation, not settle one. Where the two columns don't line up (something core, but not requiring family ownership) is usually where the most valuable discussion starts, and where a structure other than family ownership may still protect what matters most.

WHAT WE HOPE TO PRESERVE	CORE TO OUR FAMILY	REQUIRES FAMILY OWNERSHIP TO PRESERVE
Values & beliefs	☐	☐
Company culture	☐	☐
Employees & opportunities	☐	☐
Customer relationships	☐	☐
Family name & reputation	☐	☐
Community presence	☐	☐
Financial opportunity for future generations	☐	☐
Traditions & history	☐	☐

Can the culture outlive the family?

Family businesses have an unusual advantage: many never had to invent a culture. It came from the family and was reinforced over years of decisions: how a customer's problem was handled, whether promises held during hard times, how mistakes were treated. Over time, family beliefs became business values, and business values became behavior.

If the company's values live primarily in the family, removing them from daily leadership creates a vacuum. A more mature culture looks different: non-family executives reinforce the same standards, hiring and promotion decisions reflect them, and the values influence decisions even when no member of the family is in the room.

THE CULTURE TRANSFERABILITY TEST

If our family weren't in the room, would our people still know what this company believes and how we do things?

No transition leaves a culture completely unchanged. But change doesn't necessarily erase the family's imprint: a well-defined culture can carry forward through people, leadership practices and operating norms long after ownership changes.

Values deserve the same preparation as the balance sheet.

Families often spend years preparing the financial and operational sides of a business for succession. Values and culture deserve similar attention. The work begins by translating broad beliefs into observable behaviors: "treat people well" may mean promoting from within or supporting employees through hard seasons; "serve the community" may show up in local hiring or long-standing civic commitments.

QUESTIONS WORTH ASKING

- What values genuinely originated with our family?
- Which of those values remain essential today?
- What do they look like in actual behavior?
- Which non-family leaders embody and reinforce them?
- How does giving or generosity factor into how we operate?
- Could employees articulate them without a family member present?
- How do hiring, pay and promotion reinforce them?
- Where is the culture still overly dependent on family leadership?
- Where do we compromise on values for short-term results?
- What would we most regret losing if it disappeared?

This work also helps a family distinguish preferences from priorities. No future owner can credibly promise a company will never change. A family that has clearly defined what matters most is better positioned to evaluate which paths and partners are compatible with those priorities, and if outside capital or a sale is ever part of the conversation, that same clarity becomes a practical filter for cultural fit among prospective partners.

Stewardship has more than one form.

A family business will consider its shareholders, but the consequences of succession extend well beyond them by impacting employees, customers, suppliers and communities. The useful question isn't "how do we keep this in the family," but: *what transition gives this business and its people the best opportunity to thrive for another generation?* There is no single answer.

Among family businesses anticipating a transition, PwC found 41% plan to pass the business to the next generation to run it, 11% plan to pass on ownership without an operating role, and 30% plan to sell to a third party. (Source: PwC Family Business Survey)

PATHS AVAILABLE TO A FAMILY

Family succession	The next generation assumes ownership and leadership.
Family ownership, professional management	The family retains the asset while non-family executives lead the business.
Management or employee transition	Ownership moves toward people already involved in the company.
Outside capital, partial liquidity	The family brings in a partner, creates liquidity, and retains some ownership.
Third-party sale	The family selects a new owner with the resources to carry the company forward.

Each path involves tradeoffs. Each can also represent responsible stewardship when chosen intentionally. Exploring them early gives the family time to understand those tradeoffs before circumstances force a decision.

> **Go deeper:** If a sale is one of the paths your family is weighing, two of our companion Guides pick up where this one leaves off: *"Stewarding What's Been Built"* on evaluating buyers against what your family wants to preserve, and *"Decoding the Offer"* on what an offer's terms actually mean once one arrives.

When a sale becomes a succession strategy.

For some families, the succession conversation eventually leads to a third-party sale. Reaching that conclusion can be emotionally complicated, particularly when prior generations assumed the business would always stay under family ownership. A sale can nevertheless be an intentional succession strategy: the family is choosing who will assume responsibility for the company, providing liquidity to shareholders, and deciding what characteristics matter in the next owner.

A well-managed M&A process gives a family the ability to evaluate more than headline price: buyer type, values and cultural alignment, treatment of employees, management continuity, customer stewardship, community presence, and the family's desired role after closing can all become part of the decision.

ON CULTURE AND DILIGENCE

Sellers cannot contractually guarantee a buyer will preserve a culture indefinitely, and promises to "keep everything the same" should be evaluated realistically. Reference checks with former sellers, and direct conversations about what a buyer typically centralizes and how it treats management teams, often say more than a presentation. A buyer's track record and operating model reveal more than its pitch.

A PRACTICAL QUESTION

If two buyers offered comparable economics, which one would we trust to carry this company forward?

Go deeper: The mechanics of running that kind of process (and how to assemble the team to run it well) are covered next, and in more depth in our companion Guide "*The Right Deal*."

Assembling the right advisory team.

Most owners have never faced this decision before, and are likely to go through it once in a lifetime. The advisors who specialize in family business transitions see it constantly, across industries and family structures, which makes the case for bringing in help early, before a direction has been chosen, not after one has been decided.

A good advisory team doesn't push a family toward a sale, toward keeping the business, or toward any outcome at all. It helps the family see its real options clearly and weigh them with the same discipline the business would apply to any major decision.

Investment Banker

Helps the family understand what the business could be worth under different paths, and if a sale becomes one of them, runs a disciplined process to find and evaluate the right partner, not just the first one.

Legal Counsel

Advises on governance, family and shareholder agreements, and, if a transaction is pursued, translates the family's priorities into enforceable terms.

Tax & Accounting

Models the after-tax outcome of each path under consideration, and surfaces planning that only works if it happens before a decision is finalized.

Wealth & Estate

Helps the family think through what proceeds, continued ownership or distributions mean for the next chapter: for the business and for the family personally.

Some families also bring in an advisor whose only role is guiding the family conversation itself, separate from any transaction: a facilitator, a trusted board member, or a peer who has been through it.

> **Olivewood Insight:** Engaging advisors doesn't mean a decision has been made. It means the family is taking the decision seriously enough to make it with good information.

The family alignment conversation.

Before a family enters any process, it helps to surface assumptions that may have accumulated over years. Family members can have very different relationships with the same company — for example, one sibling inside it, another pursuing a career elsewhere. None of that is unusual. Problems arise when everyone assumes the others see the future the same way.

QUESTIONS WORTH DISCUSSING AROUND THE TABLE

- What does each family member want from the business?
- Does anyone genuinely want to own it? To operate it?
- What expectations have we assumed but never discussed?
- What does "fair" mean among family members with different levels of involvement?
- What would we want from a future owner?
- What involvement, if any, would family members want after a transaction?
- What does the founder want the next chapter of life to look like?
- What are we afraid we might lose if the company leaves family ownership?

That final question can be particularly revealing. The answer may be financial, cultural, relational or deeply personal. Naming the concern gives the family a better chance to determine whether it truly requires continued ownership or can be addressed another way.

10 · TIMING

Start before you need an answer.

Succession decisions are easier when made from a position of strength rather than urgency. Health issues, family conflict, unsolicited offers, industry disruption and simple fatigue can compress a timeline quickly.

Preparation can include strengthening non-family leadership, reducing dependence on the founder, improving financial reporting, and building shareholder alignment into the company itself.

Preparation creates options.

A common, illustrative family scenario.

A second-generation owner built a specialty manufacturing business over three decades, employing close to one hundred people in the town where the company started. Two adult children had built careers elsewhere (one in medicine, one in finance), and neither had ever expressed interest in running the company, though both spoke of it with obvious pride.

For years, the owner assumed a decision was still far off. A health scare changed that. Working through the Four Succession Questions with an advisory team, the family realized ownership, leadership and economic participation didn't have to travel together. The children had no interest in leading the business, but were open to remaining minority owners if the right buyer could be found: one who would keep the plant in town and retain the leadership team.

The family engaged an M&A advisor to run a confidential process rather than negotiate with a single interested party. Of several buyers, one offered a strong price and committed, in writing, to retaining local leadership and the plant. Another offered slightly more but planned to consolidate operations elsewhere. The family chose the first.

> The lesson was not that the family left money on the table. It is that they had defined, before an offer ever arrived, what they were actually optimizing for.

What are you really deciding?

This workbook pulls together the questions raised throughout this Guide. Complete it honestly and privately, before a family conversation — the value is in the clarity, not the wording.

01	If there were no family expectations attached, would the next generation independently choose to own this business?
02	What are we actually trying to preserve, and does it require continued family ownership, or could it endure another way?
03	If our family weren't in the room, would our people still know what this company believes and how we do things?
04	Which of our values are institutionalized, and which depend on us personally showing up?
05	What does the enterprise need from its next generation of ownership and leadership, regardless of who that turns out to be?
06	What does each family member actually want from the business, and have we asked, or assumed?
07	What are we afraid we might lose if the company leaves family ownership? Is that fear financial, cultural, relational or personal?
08	If two paths offered comparable outcomes, which would we trust more, and why?
09	What would we want a future owner or leader to understand about why these things matter?
10	What is the current generation moving toward next — and does our timeline give us room to choose well, or force a decision?

Legacy doesn't require the family name on the door.

For generations, family-business succession has often been understood literally: one generation hands the company to the next. For some families, that remains an extraordinary outcome. Other families will reach a different conclusion: the next generation may build careers elsewhere, professional managers may become the natural leaders, or an outside owner may be better positioned to invest in the business and its people.

Those outcomes do not erase what the family created. A family's legacy can continue through the values embedded in the organization, the people whose careers were shaped there, the customers and communities it served, and the resources created for generations that follow. A new owner will inevitably influence the business, but the family's imprint can remain visible long after ownership changes.

> *"All of my kids are doing well. None of them wants to run the company. I'm proud of that, but I'd be lying if I said it wasn't hard for me."*

> *"I don't want my children to take the business because they think they owe it to me."*

Sometimes stewardship means passing the business to the next generation. Sometimes it means thoughtfully deciding what should happen next, so the business, its people and the family's legacy have the strongest opportunity to continue forward.

OLIVEWOOD ADVISORS

You spent a lifetime building the business.

We spend ours helping families decide what's next.

Our focus on family business is deliberate, because a decision this personal deserves a firm built around it, not one that treats it like any other deal.

When you're ready to consider what's next, we're here to help: legacy@olivewoodadvisors.com