

Succession Or The Death Of The Family Business

In the world of business, many companies are started as family businesses, with the hope of passing it on to future generations. However, the reality is that very few family businesses survive beyond the first generation. The lack of proper succession planning often leads to the demise of these businesses. In this article, we will delve into the importance of succession planning and how it can save a family business from facing the brink of extinction.

The Challenges of Succession

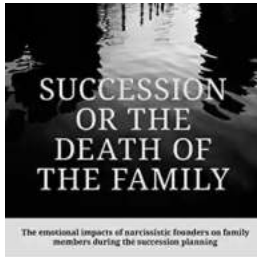
Succession planning is a complex process that involves identifying and developing future leaders within the family. It also requires clear communication and documentation of the business's mission, vision, and values to ensure a smooth transition. However, several challenges hinder successful succession planning in family businesses.

Generational Differences

One of the main challenges is the generation gap and differences in values, aspirations, and work ethics. The younger generation often has different career choices and might not be interested in taking over the family business. This lack of interest and understanding can lead to a lack of motivation, commitment, and ultimately, the death of the family business.

**Succession or the death of the family business?:
The emotional impact of narcissistic founders on
family members during succession planning**

by Judy Wesener(Kindle Edition)



NELSON CURY FILHO



★★★★☆ 4 out of 5

Language : English
File size : 750 KB
Text-to-Speech : Enabled
Screen Reader : Supported
Enhanced typesetting : Enabled
Word Wise : Enabled
Print length : 104 pages
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Lack of Preparation

Many family businesses fail to prepare for succession because they neglect its importance until it's too late. Succession planning should start early, allowing the next generation to gain experience, knowledge, and the necessary skills to take over. Without proper preparation, the transition can be abrupt and chaotic, leading to a potential downfall.

Conflict and Power Struggles

Family dynamics can be complex, and power struggles within the family can jeopardize the business's future. Conflicts between family members can arise due to differences in ideas, roles, or personal issues. If these conflicts are not properly addressed and resolved, they can lead to division and the eventual dissolution of the family business.

The Importance of Succession Planning

Succession planning is vital for the long-term survival and growth of a family business. It ensures continuity and minimizes disruptions during the transition

period. Here are some key reasons why succession planning should be prioritized:

Preserving the Legacy

A family business often carries a strong sense of history, values, and traditions. Proper succession planning allows the next generation to carry forward this legacy and maintain the business's identity. It ensures that the hard work and achievements of the previous generations are not in vain.

Maintaining Competitive Advantage

Succession planning ensures a smooth transition of leadership and expertise, allowing the business to adapt to changes and remain competitive in the market. Without a clear succession plan, the loss of key talent and knowledge can cripple the business's ability to innovate and grow.

Developing Future Leaders

Succession planning provides an opportunity to identify and develop potential leaders within the family. By offering mentoring, training, and opportunities for growth, the next generation can be equipped with the necessary skills and knowledge to lead the business successfully.

Strategies for Successful Succession Planning

To overcome the challenges and ensure a successful transition, family businesses should implement effective strategies:

Start Early

Succession planning should begin well in advance. It gives the next generation enough time to prepare, understand the business, and gain experience outside

the family enterprise to bring fresh perspectives. Early preparation also allows for the development of a comprehensive succession plan.

Open and Transparent Communication

Clear and open communication is crucial in addressing any conflicts, managing expectations, and ensuring that everyone is on the same page. Family members should have honest conversations about their aspirations, roles, and responsibilities within the business. It helps in avoiding misunderstandings and enhancing cooperation.

Professional Assistance

Seeking external expertise from professionals experienced in succession planning can make a significant difference. These experts can provide guidance, facilitate discussions, and help navigate through complex family dynamics. Their objective perspective can ensure a smooth and unbiased transition.

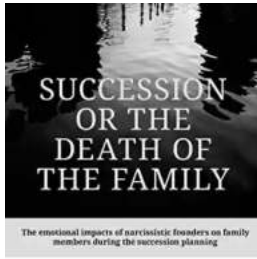
, succession planning is a critical aspect of preserving and growing a family business. Without proper planning and preparation, the death of a family business becomes an unfortunate reality. By addressing the challenges, recognizing the importance of succession planning, and implementing effective strategies, a family business can thrive across generations, ensuring the continuity of the legacy, maintaining competitiveness, and developing leaders for the future.

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According to the IBGE, 90% of the businesses in Brazil are controlled by families. Family-owned firms are responsible for around 48% of the GDP and 60% of the jobs, which shows just how important this segment is to the Brazilian economy; and it's no different in other places. According to consultancy firm, McKinsey, between 70% and 90% of the global GDP in 2016 was generated by businesses headed up by their founders, or their descendants, including everything from neighborhood diners to major corporate conglomerates.

An alarming fact: the failure rate of family businesses in Brazil and the world is extremely high. Research carried out in 2010 by PricewaterhouseCooper in 35 countries found that 36% of them are passed on to the second generation, 19% to the third generation, and just 7% make it to the fourth generation.

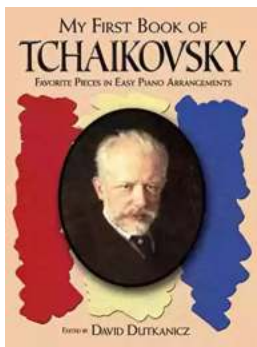
Nelson Cury Filho points out that one of the factors that has an influence on the failure of family businesses is the father (founder) / son (heir) relationship. He does this by way of a profound study of the myth of Narcissus in psychoanalysis and testimonies taken from other heirs to family businesses who have to live with the bitterness created by this relationship that is not always constructive.

In this book, the author explores the emotional impacts that founders with a narcissistic profile have on family members and the consequences of this in the succession process. He tries to relate the psychoanalytic approach to narcissism to life experiences in order to measure the degree of narcissism in founders and the influence this has on the longevity of the family business.



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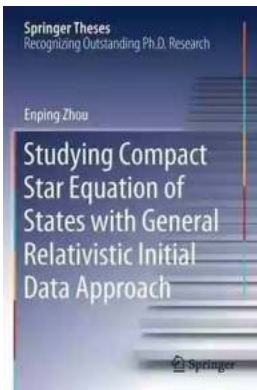
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