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Succession in family firms from a multistaged perspective

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Abstract Succession in family-owned businesses has been revealed to be a multi-staged phenomenon with trigger events distinguishing one stage from the other. Our aim is to apply change management theory to this process to improve our understanding and to identify the key factors that should be taken into account when implementing it. To achieve this goal, we will review the existing literature about organizational change and will adapt it to succession in family firms. We will end with a case study, concluding that a good succession process is not the one which avoids conflict, but the one which successfully manages it.

Keywords Family-owned businesses · Succession · Organizational change

Introduction

Literature on family firms has long stressed the importance of succession planning in ensuring the success of a business (e.g. Brockhaus 2004; Morris et al. 1997; Ward 1987, 2000, among others). There are many studies that state that less than one-third of family owned businesses are continued by the second generation when owners (managers) retire, and only half of those make it into the third generation (Beckhard and Dyer 1983; Kets de Vries 1993; Lansberg 1988; Le Breton-Miller et al. 2004; Ward 1987). Also managers in family owned-businesses speak openly about the importance of succession. In Motwani et al. (2006), succession planning was identified as the single most important topic requiring the attention of the firm's leadership.

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However idiosyncratic family-owned businesses are, it is surprising that few studies have tried to apply general management theories in this field. Le Breton-Miller et al. (2004) criticize the fact that there has been little effort to apply existing theory to develop a comprehensive model of succession planning in family-owned businesses. The objective of our study is to respond to that call by identifying whether change management theory could help in focusing succession as an organizational change.

The succession process has been revealed to be a multi-staged phenomenon with trigger events or markers distinguishing one stage from the other (Cadieux et al. 2002; Gersik et al. 1997; Keating and Little 1997; Lansberg 1999; Murray 2003). It is also generally agreed that it extends over time and needs to be carefully planned (Davis and Harveston 1998; Harveston et al. 1997; Sharma et al. 2003). Many research studies insist on the need to plan for succession (Barach and Gantisky 1995; Ip and Jacobs 2006; Naveen 2000). Our aim is to look for hints in change management theory that help us understand this process and identify key factors that should be taken into account when implementing it.

To achieve this goal, we will review the existing literature about the process of organizational change and will try to adapt it to changing the management at a family firm. We will end with a case study which will provide real information about a Spanish company facing the succession of its top manager/owner.

Theoretical framework

Literature provides numerous instances of stages in the change process, and we are going to follow the classical vision of Lewin (1947), who divided it into three stages, namely *unfreezing*, *changing* and *refreezing*. Our proposal incorporates more recent contributions that aim to enrich the contents, and alters the names of the stages by calling the first of Lewin's steps *dissatisfaction,* the second one *change*, while the *refreezing* stage has been re-named *acceptance*. Each main stage is being considered as a result of smaller steps, so the final process, we suggest, consists of disagreement and desire to intervene at the dissatisfaction stage, diagnosis, definition of goals, and seeking solutions at the change stage, and finally at the acceptance stage, experimentation and confirmation. As the change process we are studying relates specifically to succession in family businesses, we will now look at these re-defined stages in more detail.

Dissatisfaction: disagreement and the desire to intervene

The first stage occurs when an initial interest in change manifests itself. With regard to succession, this would be the first realisation that there will be a change in the ownership/management at some time. It is a specific characteristic of family-owned businesses, that tenures of business leaders are longer than those of non-family executives (McConaughy 2000), probably due to the fact that these chief executive officers (CEOs) face higher cognitive costs and psychological barriers to exit their firms (Gomez-Mejia et al. 2003; Lansberg 1988). This implies that the succession process can start at very different stages in the company's life-cycle.

While some of the family business owners know from the very beginning that new ownership and management will be necessary at some time, others tend to consider themselves essential and perennial, and thus this stage only takes place when an external event occurs. This stage can be divided into two parts, namely disagreement and desire to intervene.

Disagreement

Disagreement takes place when organizations feel pressures towards change by observing certain facts that cannot be managed with present behaviors (Greiner 1967; Levy 1986; Lewin 1947; Schein 1993). In succession terms, this would mean that the family business accepts that the person now managing it is not going to be there forever. Sometimes the fact that the present manager is not going to last much longer is very evident, because of his or her age or personal situation (health, family concerns, etc) and therefore most leaders who plan the succession process start to do it 5 years or less before the moment of their retirement (Brown and Coverley 1999). On the other hand, some companies prefer to start long before this situation arises, when the need for organizing the succession is not as obvious. Under these circumstances, it is imperative to widespread a disagreement message, showing the need for considering the change and why it is essential to start thinking about it now.

The manager's feeling of immortality, the lack or abundance of appropriate successors, the lack of trust in next generation's entrepreneurial competences, and the fear of retirement by the manager are the main reasons cited to explain why some firms don't think about succession (Leach 1991; Kets de Vries 1988; Scase and Goffee 1987). Kiessler and Sproull (1982) present very interesting research about the circumstances in which a management team realizes that it must start thinking about changing. They state that dissatisfaction only takes place if any change stimulus is identified by the firm, interpreted and effectively included in the decision process. Schein (1993) reveals that certain companies decide to ignore these stimuli, or deny their implications, or even doubt their importance, simply because there is a tendency to avoid the anxiety associated with change. In fact, several authors (Dyer 1986; Handler 1990; Lansberg 1988; McGivern 1978; Ward 1987; among others) suggest the importance of the predecessor overcoming anxiety about succession and moving beyond the denial stage. The CEO's inability to let go is the single most cited obstacle to effective succession (Sharma et al. 2001).

However, sensing the disagreement is not enough; there must be a seed that stimulates the need to act and the sense of urgency (Kotter 1995). The company must assume not only that the present manager/owner is not eternal, but also recognize that it is imperative to act now in designing the succession process. The most common way of propagating dissatisfaction consists of offering information (Schein 1993; Spector 1989) so that all members know the situation of the company and are aware of the need for intervention. In this case, it means informing everyone who plays a significant role in the succession, and specifically family members. In fact, trust and communication among family members has a strong influence on the succession process (Barnes and Herschon 1976; Brokaw 1992; Dyer 1986; Kets de Vries 1993); according to the study run by Morris et al. (1997), problems within the family were the main factor that led to 60% of failed successions amongst the companies studied.

Desire to intervene

Once the disagreement takes place, the next step is the generation of a desire to intervene. Without a specific intention to turn the disagreement into action, the organization may end up in a situation where, whilst it regrets its circumstances, it is unable to do anything to change.

Sharma et al. (2003) apply the theory of Planned Behaviour[1] to the succession in family businesses. According to the authors, first of all, the desirability of the incumbent to start the succession process is shown by his or her desire to keep the business in the family. Second, the family's commitment to retaining the business within the family is an indicator of the acceptability of succession to the family (the reference group). And third, the propensity of a trusted capable successor to take over shows the feasibility of a successful succession.

The acknowledgement that the succession is inevitable can lead to counter-productive reactions, in the sense of a feeling of incapacity to find a successor as good as the incumbent manager. If this feeling arises, the process could simply fail because the lack of belief in the possibility of a successful solution prevents efforts to achieve it. In order to avoid this happening, the person responsible for the succession planning has to create confidence that they have the capacity to face the change successfully, a factor that, in the literature, has been called effectiveness (Bandura 1982, 1986). This is the moment at which it is perceived that the planned situation can be solved by the change, its necessity is recognized and consolidated a willful and compromised attitude (Levy 1986). Schein (1993) calls this situation "anxiety 2", in contrast with "anxiety 1", which is the originated in the previous sub-stage. "Anxiety 2" is defined as the fear or blame associated with an attitude that is afraid of failure. But a suitable dose of anxiety 2 acts as an antidote to the possible paralysis that can produce "anxiety 1". Moreover, the process must be accompanied by the creation of a feeling of psychological security that the change is possible.

Some authors describe a group of business members as being responsible for fostering such desire to intervene. This group is called *transition management team* (Beckhard and Harris 1987; Duck 1993), *guiding-coalition* (Kotter 1995), *change management group* or *steering committee* (Schein 1993). Some research (Barach and Gantisky 1995; Churchill and Hatten 1987; Dyer 1986; Lansberg 1988; Malone 1989; Sharma et al. 2001) suggests that a board of directors could help launch and monitor the succession process, but such a board is only useful if the incumbent is ready to listen to their advice. The composition of this group in the case of family business succession is especially interesting to study. Since the success of the process is measured both with business and family indicators, it should be integrated by experts in the company and key members of the family. This is a subject of special interest to which the family business literature has paid very little attention.

[1] This theory states that the probability that a behavior will occur is dependent on the intention of an individual to engage in that behavior (Ajzen and Fishbein 1980; Ajzen 1987). The intention will depend on the individual's attitudes (Krueger and Carsrud 1993) which include the perceived desirability of the outcomes to the initiator, the acceptability of the outcomes according to the social norms of a reference group, and the perception that the behavior might lead to the desired outcomes.

Change: diagnosis, definition of goals and seeking solutions

Here we enter the second phase, or the stage of change that starts with a diagnosis of the situation. Next, habits, new attitudes and/or values that will allow the change to be confronted, should be developed. In this phase we identify the sub-stages of diagnosis, definition of objectives' and search for solutions.

Diagnosis

Change starts by making a diagnosis of the challenges faced by the firm, as well as the main problems and their backgrounds (Greiner 1967). Referring to the succession process, as part of the diagnosis it will be necessary to specify the temporary period in which it is expected that the events will take place to precipitate the succession, including the circumstances that could bring it forward.

The factors most commonly cited in literature that affect the effectiveness of successions and that should be analyzed in this stage are the personal stage of the manager/owner, the willingness of the successors to take over the control of the firm, and their level of preparation.

With regard to the age and personal stages of the incumbents, Davis (1968) found a relationship between the different life-stages of owners and their offspring. Offspring between 17–25 want to be free from the family tradition and they want to create their own identity; between 27–33, they explore their career choices and take their parents as a model; when they are older than 35 they look for independence and recognition. On the other hand, incumbents between 40–45 are focused on the expansion of the firm and want to control the decisions; between 50–60, they start to emphasize business and family philosophies and they start to exert less control on the firm; when they are older than 60, they focus on movements of loyalty and stability together with the inability to give up control of the firm. As a conclusion, the author states that the best moment for succession would be when offspring are 27–33 and the incumbent is between 50–60.

As far as the second factor is concerned, Handler's model (1994) concludes that the willingness of the successor to take over the control will be influenced by the rewards from the business he/she expects to obtain for remaining in the company (Fox et al. 1996; Stavrou 1998), by the trust in his/her abilities and intentions and by his/her personal needs alignment.

Finally, the preparation level of successor candidates has to be studied (Barach et al. 1988; Morris et al. 1997). The positive relationship between the preparation level of the successor and a successful succession process has been supported by anecdotal and empirical evidence (e.g. Brockhaus 2004; Cabrera-Suárez 2001; Ciampa and Watrins 1999; Kaye 1999). Ward (1987) supports successor development as one of the most important characteristics related to businesses that survive through a generational transition.

Part of this step should work in parallel with the definition of objectives shown later on, because certain diagnoses can only be run once we know what we are looking for. We are thinking about the successor attributes from the perspective of leaders, which is one field that has received the attention of researchers (Handler 1994). In this stage, we are just dealing with the analysis of the attributes, but it might be wiser to decide at the same time which are the most desired ones. The fact that leaders have an emotional involvement with the next generation and are influenced by their family links (what has been labelled parenting rationality by Ling 2002), means that they may not be in the best position to accurately assess either the list of desirable successor attributes or the extent to which family members possess them.

This information must be communicated in order that all members are conscious of the situation (Beer et al. 1990). Nonaka and Takeuchi (1995) consider this action as a basic requirement for the creation of organizational knowledge and make reference to the concept of "redundancy" as the existence of information over what the organization's members operationally require.

Objectives' definition

After that, the definition of general objectives of the change (succession) follows. It is imperative to design some general rules, clear and specific, that show the way to go, the main priorities and the transmission of the need to change (Denton 1996; Dichter et al. 1993; Mohrman et al. 1989); this is what Nonaka and Takeuchi (1995) call "intention" and Kotter (1995) "vision". The vision serves as an organizational principle or as a force that maintains the organization united while it is under reform, giving shape and direction to a changing organization (Barczak et al. 1987). In the case of the family business succession, this "vision" must include a description of what succession is trying to achieve, both for the company and for the family. That will depend on the main aim of the company and the family role and their perception of success. In family firms special care must be placed here, because the presence of the "family" dimension in addition to the "business" dimension means that objectives should be considered for both of them.

According to Hitt et al. (1996), the management team must understand this vision clearly to implement the organizational change. Sharing a common vision about the ultimate goals and objectives of the business is considered essential to effective succession (Barach and Gantisky 1995; Barnes and Herschon 1976; Chrisman et al. 1998; Dyck et al. 2002; Dyer 1986; Lansberg 1999; Potts et al. 2001; Sharma et al. 2001; Ward 1987). The directors start the channelling of the change by communicating this vision to the members of the organization (Barczak et al. 1987). It is very important that the vision is elaborated and shared by everybody in order to facilitate the creation of personal commitment with the objectives of the organization (Hodgetts et al. 1994; Nonaka and Takeuchi 1995; Smith 1994) and the reorientation of individual thoughts and behaviours towards collective compromises (Nonaka and Takeuchi 1995; Schneider and Goldwasser 1998; Senge 1990; Watkins and Marsik 1993; Wick and Leon 1995). There is a wide range of literature about studies of the role of management systems in the succession plan of family businesses (Dyck et al. 2002; Lee et al. 2003; Morris et al. 1997).

As stated before, the most desirable attributes for candidates should be considered at this stage. "Integrity" and "commitment to the business" have been highlighted as the two most desirable next-generation attributes from the viewpoint of the company leaders (Chrisman et al. 1998; Sharma and Rao 2000). Sharma (2004) adds also the ability to gain respect of non-family employees, decision-making abilities and experience, interpersonal skills, intelligence, and self-confidence.

The existence of a set of desired attributes helps the process of choosing the best successor when there is more than one potential heir. Friedman (1991) suggests that rivalry is common among siblings and an important question is how to manage it within the family firm. In successful family businesses both siblings and parent-owners work to make potential successors' rivalry positive rather than negative in effect (Ward 1987).

Looking for solutions

Finally, the organization looks for specific solutions, that is to say, planning the change process. Levy (1986) shows that this occurs at the moment the efforts are focused in the translation of the ideas and visions into steps, programmes, structures and procedures. In fact, most of the literature on succession in family firms states that succession planning is fundamental for the success of the process (see Ip and Jacobs (2006) for an extensive literature review of business succession planning).

The founders' concept of the business influences the plan they design to introduce successors into the firms (Garcia-Alvarez et al. 2002). Those leaders who regard their business as a means to support the family, prefer successors to join the firm at a young age, often with a lower position and with low levels of formal education, while founders viewing business as an end in itself encourage successors to achieve high levels of formal education and experience outside the business before joining the family firm at senior levels. Whatever the entry strategy of successors, most important is to achieve credibility and therefore attain legitimacy (Barach et al. 1988). There is no single answer as to how to gain it, but each company has to be aware of the pros and cons of the different ways that succession candidates enter the business, in order to choose the route that helps them earn a higher degree of legitimacy.

Several interesting guidelines for effective succession planning can be found in Ambrose (1983), Barnes and Herschon (1976), Dyck et al. (2002), Dyer (1986), Francis (1993), Frieswick (1996), Handler (1990), Lansberg (1988, 1999), Malone (1989), Martin (1995), Sharma et al. (2001), Sonnenfeld and Spence (1989), Trow (1961), and Ward (1987), among others. Specifically, more than half of the outgoing leaders consider that explicit succession criteria should be specified in written form (Motwani et al. 2006). In spite of this, there is an absence of succession plans in most SMEs (Brown and Coverley 1999; Chung and Yuen 2003; Huang 1999; Janjuha-Jivraj and Woods 2002; Wang et al. 2004). Although financial and fiscal/legal issues are an intrinsic part of the planning to which most companies dedicate their main effort, they are a necessary but insufficient condition (Lambrecht 2005).

Le Breton-Miller et al. (2004) present a very exhaustive model of succession, where they include key factors considered both by academics and practitioners as being essential for an effective succession. This model would be of great help at this stage of our process.

Yet the succession process cannot be considered as a one-way path. Family business CEOs must be ready to adjust their companies to the skills, perspectives, and values of the next generation as part of the implementation strategy, if they want to succeed in transferring the firm to their successors (Barach et al. 1988).

Acceptance: experimentation and confirmation

In the third stage, acceptance, the change—the succession—is stabilized through two sub-processes, experimentation and the confirmation of the characteristics that have been newly-introduced.

Experimentation

Within the experimentation sub-stage, the selected solutions are implemented first in one department or section of the business and, depending on the results obtained, they are rolled-out to the rest of the organization (Beer et al. 1990; Greiner 1967). For our purposes, experimenting means introducing the successor in his/her final position while the owner/manager is still there. The aim is to facilitate the transition by letting both leaders co-exist for a period of time. A sort of mentoring relationship in which both incumbent and successor work together for some time is found to be both common and useful in successions (Dyck et al. 2002; Handler 1990).

In this sub-stage we go from an unstable situation to a new and stable one (Levy 1986). However, we have to take into account that, in general, at the point of transition in which the implementation phase starts, the organization's effectiveness and its results will suffer certain characteristic setbacks. These have to be interpreted as intrinsic to the process and not as failures (Blumenthal and Haspeslagh 1994; Goodstein and Burke 1991). In fact, it is very probable that the personality and the different ways of both leaders clash, but those differences should be turned into virtues that contribute to improve the quality of the business management. A good relationship between both of them is key for success (Handler 1994). This relationship should show mutual support, open and fluent communication, willingness to recognize the other's achievements, and a high degree of trust (Harvey and Evans 1995), creating a virtuous circle of trust and feedback.

Moreover, this moment of intergenerational relationship is key for success, since it has been suggested that the future performance of the business is likely to be based on the effectiveness with which the tacit knowledge accumulated during the CEOs' long tenures and their social networks, are transferred across generations (Cabrera-Suarez et al. 2001; Steier 2001). The absorptive capacity of the successor and the nature of the relationship between him or her and the source of knowledge are both important factors to consider in this effectiveness transfer. A supportive relationship characterized by mutual respect favours an easier transmission of knowledge, social capital and networks across generations (Steier 2001), and managing this relationship effectively is the basis for good succession planning (Dunemann and Barrett 2004).

Confirmation

The last sub-stage which concludes the process of change consists of the confirmation, through the positive experience, that the novelties introduced are indeed applicable to the business; this means, the successor can take over the control of the company definitively. The success of the co-existence between the successor and predecessor ensures continuation in the same line and reinforces the change (Beer et al. 1990; Greiner 1967).

The succession process ends when the owner/manager retires and the successor takes full control and/or ownership of the company. A smooth phase-out is facilitated when the incumbent has a plan to do so and possesses some vision of a future outside the company (Ward 1987). However, it is common that family leaders remain closely tied to their businesses even after they have transferred their position. Therefore, it is important for them to feel comfortable with the critical factors, such as family dimensions and attributes of successors (Drozdow and Carroll 1997). Motwani et al. (2006) found out that approximately 75% of family business managers believed that a formal plan should be developed for their remaining roles and responsibilities once the succession has taken place. Clear roles for both parties internally and externally will help the succession process to be a success (Lansberg 1988).

But it is very important not to confuse a partial success with the final victory. The change process is very long and it must not be considered finished until the changes have been accepted and included in the organisational culture (Kotter 1995).

What can we learn by borrowing change management theories and applying them to the succession process in family firms? First, that succession is a process, and thus there are certain steps to follow. Second, that success in later steps of the process depends on how previous stages have been developed (e.g. instilling the need for organizing the succession in advance is key to designing a successful succession plan later on). Third, the result of the whole process depends highly on the previous expectations with regard to the ultimate goals of the business, namely financial or family concerns.

From the process mentioned previously, we have designed a semi-structured questionnaire. We have used this to interview a family business in order to find out specifically how they manage the succession process. To achieve this goal, we have selected a company that has successfully finished the process. By following its history, we will learn how these theoretical stages correspond with real steps in a successful succession process.

Case study

In order to contrast our theoretical approach with a real succession process, we studied a Spanish family firm called Blanketall[2]. Blanketall was founded by a 17 year-old entrepreneur as a small company which produced blankets and grew slowly but constantly and now has over 300 employees. Founded in 1948, Blanketall enjoys considerable experience and prestige in the textile sector. In addition to its status as the market leader in the Spanish household textile business, it has now become firmly consolidated as one of Europe's leading integral suppliers of home textile products. Its growth strategy is based on product diversification and production under licence of well-known international brands.

Although the company is definitively a family firm, the owner has always prioritized its long-term continuity since that would provide a profitable opportunity

[2] It is a fictitious name to preserve the anonymity of the company.

for his heirs. In fact, even in the worst times, the needs of the company were put before those of the family and dividends were not distributed until the financial situation improved. There is an explicit division between family and business thanks to the deployment of adequate corporate governance devices. Although the division between family and company is clear, there has always been a bridge between both of them. While the day-to-day operation is being driven by a management committee, there is a board of directors with seven councillors, six of them being family members. The vice-principal is the only non-family-member councillor and has been supporting the founder for over 30 years.

Communication between family and business could be described as very limited, but considering the high degree of trust that exists between the parties, it is enough to maintain the family harmony as well as the business effectiveness.

The founder's offspring were encouraged to study at university and get professional experience in the textile industry. Slowly, the company started adapting its operations to the family structure and the founder prepared the organizational structure with as many divisions as needed to include one son in each. That way, heirs were introduced to the company in different divisions, in order to develop their skills and abilities. They also gained experience in managing their own divisions.

Around the age of 40 the founder started thinking about his succession. The board of directors discussed the ground rules for the succession. It was decided that the founder would remain as the CEO until his retirement and afterwards the vice-principal, who was the only non-family-member of the board of directors, would take this position to avoid conflicts inside the family. He was at this position until he retired, 3 years later. In that time, together with the incumbent, he selected the future CEO and prepared him for his future role.

When the time to select one successor as CEO approached, the founder and the current CEO considered each offspring. At that time, all of them were well-prepared, had experience, and were working inside the company. The founder retained the traditional tendency to prefer the eldest son, but his professional development had slowly pushed him to a secondary business inside the company and that was considered a disadvantage. The heir who was finally chosen was the second son, who had spent more years in the main business of the company and had a good knowledge of the company's culture. Another reason was his charismatic personality, and the fact that he had gained trust among the rest of the company and displayed leadership characteristics.

During the 2 years of co-existence, there was a potential risk that the credibility of the successor (the future CEO) could have decreased, because the founder continued to play a significant role until he finally retired. But since there was a transitional CEO (the vice-principal), who shared the top management position with the founder, it was he who suffered the undermining and there was therefore no chance that anybody would think that the successor (the son) would be tied to his father's apron strings.

Despite the fact that the chosen candidate accomplished the basic conditions for developing his future role, he still needed to improve his abilities. Therefore, the co-existence period with the temporary CEO was used as a learning period. The management committee collaborated in the mentoring and support of the successor in order to help him gain credibility with the other managers and employees.

Currently, the successor and present CEO has been in position for 5 years. Both the family and the board of directors agree that the succession process concluded successfully, because they have managed to find a suitable CEO for the company and an appropriate decision for the family.

Discussion and conclusions

The study of this company shows that managing a family business in a professional manner is possible, as long as there is a proper management structure, with the appropriate division of power within the company to ensure decisions are taken for business rather than family-related reasons. With such a professional management, a succession process can also be developed, based on more rational and less emotional issues.

The dissatisfaction stage is highly important. Since the founder knew from the beginning that some day he would retire (disagreement), he was the main force in generating a desire to intervene, namely the plan to introduce the sons into the company with one of them ultimately becoming the next CEO. However, that stage had a slow take-off because the founder chose to prepare all his heirs without selecting any one individual for the CEO position initially until a decision was taken much later on, and with the involvement of a third person.

Maybe the key point here is the synchronisation. The disagreement feeling existed in the founder, and he managed to transfer it to the family and the non-family stakeholders. That way, everybody was determined to start finding a solution (desire to intervene). Also, the board of directors (mainly family members, but also with a non-family member as the vice-principal and transitional CEO) played a sort of "guiding coalition" role, since that was the forum where the ground rules of the succession process were discussed.

The change process itself has developed as an emergent strategy in the pure Mintzberg's sense. Starting with the diagnosis stage, the founder creatively reorganized his company by creating separate divisions and putting one son in each, thus reducing the potential for conflicts. Following Davis (1968) he realized that his sons were ready to enter the family business after their studies—at around the age of 25—with the need to find their own way by exploring their career choices. Their willingness to be responsible for a division and ultimately to take over the control of the business was influenced by their expectations of recognition from their father. Long tenure with the company before the succession took place, enabled the founder to ensure their development within the company matched with their academic preparation. However, our case study does not answer the perennial question of where and how the next generation should be prepared. In this case offspring were acquiring experience in the family business which helped them increase their knowledge of the company and they could display their competences to non-family stakeholders, thus gaining credibility. But preparation outside the company would have given them autonomy to experiment and learn and would have offered them external feedback about their real competences.

The diagnosis has been almost parallel to the definition of objectives and the solutions stages. There has neither been an explicit definition of objectives, nor a discussion about the most desirable attributes for candidates. The single idea at the beginning of this stage was to preserve the business inside the family, to keep it running in the original territory (trying not to cut the roots with their hometown) and to preserve family harmony. The resulting solution at the end of this stage was to leave the CEO position in the hands of the vice-principal, as a highly trusted, non-family, long-working manager. Such a decision, employed at the experimentation stage, has been very creative. The "transitional CEO" was the trusted person—the "right hand"—of the founder and he was encouraged to accept this responsibility, also as a reward for his previous contribution to the company. The founder understood that the change process required time and space between generations, in order to preserve autonomy and reduce the interference of emotional links. By the introduction of a transitional CEO they assisted the credibility of the final successor and also the emotional distance allowed them to take a more rational decision. Also, an advantage of this singular experimentation stage was that it succeeded in preventing the conflicts that could have arisen among offspring in taking over the control of the firm. So, although in our theoretical framework we had just considered that the experimentation stage consisted in a co-existence between the founder and the successor, in this case, there is a deliberate lack of it, in order to preserve family harmony.

Finally, at the acceptance stage there has been consensus as to how to support the chosen successor and each person has played his/her role and accepted the decision of the founder. Although there could have been some difficulties, the structures of property were in agreement with the decision taken and thus it was successful.

This case study shows that, even in circumstances where there are high levels of trust, succession is a tense process that is always going to generate some conflicts inside the company. Moreover, a good succession process is not the one which avoids conflict, but the one which successfully manages it. The need for a strong leadership from the generation which is controlling the company is a key success factor. Another fundamental element is time. Time compression economies are very limited. Moreover, there exist dis-economies of time compression. Often, family business literature stresses the importance of planning the process with time, but the administration of time throughout the process is never discussed.

In fact, a very interesting discussion point is the need for planning. Although family business literature insists on the need for detailed planning, this case study shows that the process is quite open and can develop as an emergent strategy. Maybe in this company it has worked with an unstructured plan because there were many options and the heirs were all satisfying the basic requirements. But the case definitely makes clear that succession can be successful just with fundamental objectives and ground rules and without a detailed plan.

They key points we have learned from this case study could be summed up in the importance of the dissatisfaction stage, the possibility of running the change process as an emergent strategy, the need to be creative in the seeking a solution, and the key role of the family and the other stakeholders in supporting the new CEO. This case study has helped us to understand how to apply change management theory to a real succession and, although it is obviously limited by the fact that we studied just one company, we believe it is a great step towards our goal of professionalizing our understanding of succession processes in family firms.

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