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Succession Challenges in Family Businesses from the First to the Second Generation

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Abstract

The purpose of this research is to investigate how family businesses pursue leadership succession from the first to the second generation and how the transition process is continued after the transfer of leadership. The research is focused on family-based leadership succession. The objective is to identify the key challenges of leadership succession and the best practices involved by family firms. Interviews with leadership successors of ten family businesses who inherited the leadership from the founders of the business were conducted. The data analysis revealed seven main leadership transfer challenges that the companies faced and their responses to these challenges. The lessons on how these companies were able to overcome the challenges are important information not only for family businesses who are heading toward succession but also for practitioners such as family business centers and family business consultants. The findings contribute toward a better understanding of the intricate family dynamics and the unique context of family business in the succession process.

Key words: Family Business, Succession, Leadership, Transition

Introduction

Family businesses play a crucial role on a global scale creating 70-90% of the global GDP (Family Firm Institute, 2017, as cited in De Massis, Frattini, Majocchi, and Piscitello, 2018). In the U.S. alone, over half of GDP comes from family businesses (Vera & Dean, 2005). In line with its importance, the family business research has been growing in recent years. Chua, Chrisman, and Sharma (1999) defined a family business as *"a business governed and/or managed with the intention to shape and pursue the vision of the business held by a dominant coalition controlled by members of the same family or a small number of families in a manner that is potentially sustainable across generations of the family or families."* For the purpose of this paper we embrace this definition as it emphasizes the transgenerational sustainability that is one of the key objectives of succession.

For a family business, one of the most important and at the same time one of the most challenging issue is the continuity of family-based leadership. However, family business constraints such as a limited candidate pool and intricate family dynamics contribute to the complexity of leadership succession to the next generation (Le Breton-Miller, Miller, and Steier, 2004). As a result, it is estimated that more than 70 percent of family owned businesses do not survive the transition from founder to second generation; the 30% of firms that do survive through the second generation is whittled down by another 15% as the business passes to the third generation and by a further 11% as it reaches the fourth generation (Poza, 2014).

From the perspective that succession is not a one-time event but a long-term multi-stage process, there has been significant research done on succession planning that became the most common succession topic (Sharma, Chrisman, Pablo, and Chua, 2001; Tatoglu, Kula, and Glaiste, 2008; Ghee, Ibrahim, and Abdul-Halim, 2015; Luan, Chen, Huang, and Wang, 2018; Venter, Boshoff, and Maas, 2005). Other researchers investigated more specific succession topics such as daughters or primogenitures taking over the family business (Vera & Dean, 2005; Calabró, Minichilli, Amore, and Brogi, 2018), or unexpected successions (Chalus-Sauvannet, Deschamps, and Cisneros, 2016) among others. However, rather less attention has been given on the main challenges of successful transitions from the founder to the second generation, from the perspective of successors.

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Methods and data

The purpose of this research is to investigate how family businesses pursue leadership succession from the first to the second generation and how the transition process is continued after the transfer of leadership. The objective is to identify the key challenges of leadership succession and the best practices involved by family firms. In this process, we analyze what factors influence the succession and how the actions of successors and incumbents influence the outcome of the transition. We also analyze the incumbent's motivation that triggers the leadership transition and the successors' motivation to take the company to the next generation.

The qualitative data collection method is the semi-structured interview that allows to collect open-ended data needed for a more in-depth analysis. This is important as each succession has a very large set of complex parts and each family approaches the succession process differently. While this method involves a preplanned interview guide, it allows the flexibility to better explore the participants' insights and feelings. The interview plan contains a point allocation scales for two questions. The respondents are asked to allocate 100 points across various motivational factors with the option of adding another factor that was not listed. An aspect that could be overlooked in qualitative research is the relationship between the researchers and the participants during an interview. In this study, the relationship is important as the successors have to really open up to discuss their succession issues. Some successions do not go smoothly, and it can be a hard topic for people to discuss. If the interview is more conversational, the successor may feel more open to share these difficult subjects. The goal of the interview it to try to build strong rapport between the interviewer and the interviewee and to help create meaning for both the interviewer and the interviewee (Esterberg, 2002). By trying to create meaning from the interview, the interviewer may gain more insights into understanding the succession process. For instance, a successor may have felt that their predecessor did not prepare them well for the job and thinking back and describing all the problems they had faced will give them time and perspective about what they could change for the next succession.

The respondents belong to family businesses that completed the leadership transition to the second generation. The successors inherited the leadership from the founding generation of the business. The sampling technique involved is purposeful sampling. This sampling was chosen to purposefully select participants with rich insights who are to share their experiences and viewpoints in an effective manner (Patton, 2002). Our sample is comprised of second-generation CEO successors from ten family businesses. The interviews lasted between 60 and 90 minutes. All companies are from Pennsylvania and most of them are members of the High Center for Family Business, one of the oldest and largest family business centers in the U.S. with over 150 companies as members. Our companies ranged in size in terms of employees and revenue as illustrated by Table 1. There were six males and four females interviewed. Seven of the interviews were conducted in person and three were completed over the phone. There is a diverse representation of industries in our sample as well as a large range of title years for the successors. The names of companies and the successors are kept anonymous. They are coded in Table 1 by using the letters A to J and are referenced in the paper as such.

Table 1: Profile of businesses and interviewees

Company	Gender M/F	Full-Time Employees	Revenues ($mil.)	Industry	Title Year
A	F	70	1	Car Dealerships	2012
B	M	14	12	Construction	2016
C	F	2	0.725	Golf	2015
D	M	35	10-12	Publishing	2003
E	M	45	2	Finance	1999
F	F	18	5	Finance	2007
G	M	52	6.5	Distribution	2019
H	F	1	0.1	Poultry Grower	2015
I	M	2500	300	Contractor	1982
J	M	1500	275	Food Industry	1990

Results

As the research was concluded and the data was analyzed, some interesting reoccurring factors were found. From the question on the most important selection criteria of the successor (Table 2), the results uncovered that the top three criteria were: 1. *Motivation to take over,* 2. *Integrity and values,* and 3. *Industry/business-specific expertise*. The strong motivation, as the predominant criterion, proves that the choice of successors was a sound one, as family business research has showed the importance of successor's motivation for a successful transition (Daspit, Holt, Chrisman, and Long, 2016). The integrity and values of the successor are ranked almost as important as the intrinsic motivation because the cultural fit of the successor with the family business is essential for the continuity of the business to the next generation. Prior industry experience and business specific expertise are crucial to ensure family firm's growth throughout the next generation.

Table 2: The most important selection criteria for the successor

Successor selection criteria	A	B	C	D	E	F	G	H	I	J	Mean
Industry/business-specific expertise	10	1	20	5	50	20	25	0	40	5	17.6
Leadership skills	40	1	30	20	0	0	15	0	0	15	12.1
Education level	10	1	10	5	0	0	20	0	40	5	9.1
Motivation to take over	40	30	10	50	0	0	20	50	0	15	21.5
Integrity and values	0	1	20	20	50	20	20	50	0	30	21.1
Family and stakeholder support	0	60	0	0	0	40	0	0	20	25	14.5
Lack of other opportunities	0	1	10	0	0	0	0	0	0	5	1.6
Another criterion___________	0	5	0	0	0	20	0	0	0	0	2.5

The analysis of the motivational factors of the successor to take over revealed that the top motivational factor (Table 3) was *the entrepreneurial freedom to be your own boss*. This strong entrepreneurial motivation proves the entrepreneurial nature of family businesses and their culture, as there is a consensus in the literature that the need for independence, as an intrinsic motivation, is ranked higher than economic motivations (Amit, MacCrimmon, Zietsma, and Oesch, 2000). The other higher weighted responses were the *financial reasons, career and personal goals,* and *the cultural fit between one's values and the family business culture*. The literature focuses on the need of cultural fit mainly for nonfamily members considering it both essential and challenging (Mitchell, Morse, and Sharma, 2003). However, the cultural fit plays an important role for family members as well as indicated by our results. The investigation of successor's selection criteria and their motivational factors to take over is aimed to a better understanding of the transition processes in family businesses.

Table 3: Motivational factors to take over

Motivational Factors	A	B	C	D	E	F	G	H	I	J	Mean
Lack of other opportunities	0	0	0	0	0	0	0	0	0	10	1
Cultural fit	20	0	25	5	0	20	0	50	0	20	14
Attractive industry	10	0	0	10	0	0	0	0	0	20	4
Family pressure	20	20	5	5	0	30	0	0	0	5	8.5
Entrepreneurial freedom	20	60	20	20	50	20	25	50	0	10	27.5
Financial reasons	10	10	20	20	0	20	25	0	40	15	16
Career goals	10	10	30	20	0	0	25	0	40	10	14.5
Personal reasons	10	0	0	20	50	10	25	0	20	10	14.5
Others________	0	0	0	0	0	0	0	0	0	0	0

The other key dimension of the research was focused on trying to capture the struggles in the leadership transition process. The analysis of the interview data allowed to identify the top seven succession challenges as presented in Table 4.

Table 4: Main succession challenges

No.	Challenges
1	Lack of support from employees
2	Less exposure to stewardship
3	Difference in leadership styles
4	Lack of knowledge on how to transition
5	Working with siblings
6	Incumbents reluctance to transition
7	Strategic changes brought by the successor

1. *Lack of support from employees*

Some employees might believe that the successors are not truly capable of running the company and that they are only obtaining the position because of the family connection. The successors need to prove that they are capable and deserve to be the new leaders. Nine out of ten successors felt that they had to prove themselves to the employees or gain their respect. This reflects Blumentritt's (2016) finding that the most important aspect in transitioning to the new generation is that the successors are competent and that the employees are confident that they are able to do the job. As the CEO of company F mentioned: *"You don't want to appear entitled and you want to make sure that they realize that you're going to work just as hard as them…First one in, last one out, coming in during the weekends, and working at night. It's how people respect you"*. This situation occurred regardless whether the successor was a female or a male. In the case of the CEO of company I: "*I think the biggest thing was to do things that would earn respect from the various business leaders around the company and the whole organization."* In company D the successor mentioned, "*I felt that I had to work harder, be better, produce more than others, to prove my worth…It was my leading by example that brought people around."*

Once the successors gained the trust of the employees, they enjoyed a strong sense of legitimacy and authority that allowed them to run the company smoothly. The earned respect created a workforce willing to commit to new initiatives for the company. However, others could not be swayed, and seven out of the ten companies had employees who left or were fired. One example is family firm I, where the employee did not trust the successor when he proposed a restructuring program: "*I presented it as a proposal to the management team and one manager attacked it and attacked me and you could tell that he felt threatened by the proposal. He took out his anger with me over the reorganization plan"* Eventually, because of this lack of support, the employee had to be fired. Consequently, the successor was able to build the support he needed to complete the restructuring plan. Another company that had to dismiss people that were not supporting the successor was A, where the successor came with new ideas on how to improve the efficiency and one manager would just say *"if it's not broken don't fix it"* and she would respond, "*it may not be broken but it could be better."* Ultimately, that employee was one of the first people she fired and, subsequently, she created a team of managers that supported her and were open to changes. Another example of employees leaving the company due to the lack of support for the successor was when, in firm D*,* the successor took power during the 2008 recession. He had the option to either close the business or lay off a large number of employees. He saved the business by downsizing it. This restructuring had upset many seasoned employees. Those employees decided to leave the company rather than stay and work with the new leadership. The D's CEO revealed: *"We chose to let a few people go, then other people who were angry about it decided to leave as well. At that point you have to rebuild with people you can count on and look to you for leadership*". He took a bad situation that at first looked unsurmountable as talent left the company and transformed that in an opportunity to rebuild the company with people who would share his vision.

Some of the successors were able to prove themselves through a successful career outside the family business where their last name did not favor them. The successors, whose career started outside the family, proved themselves through promotions and partnerships. In the case of firm E, the successor mentioned: *"I was already an established professional in the field, when I had worked in Boston. I had become a partner in that firm. I managed money for very large institutional clients and had successfully raised a substantial amount of money. I had plenty of credentials to demonstrate to clients and to employees of what I am capable."* He knew that his success in a firm where he was not a member of the family showed that he was a qualified, capable successor for his family business. Those who started their careers inside of the family business had been working longer in the family business before they received the leadership title. They were able to prove themselves to their employees over time.

2. Lack of knowledge on how to transition

Due to the fact that these companies were transitioning from the first to the second generation, there were no previous successions to learn from. They had no prior experience on how to make the process go smoothly and how to plan it accordingly. Through the first transgenerational transition a new venture becomes a family business. A strategy for overcoming the lack of expertise on succession is reaching to outside help, as stated by five of the interviewed companies.

These activities consisted in seminars that the successor or the incumbent attended, family meetings with someone mediating the process, and the High Center's peer-groups meetings and seminars. All these options offered good succession support. Company D said that the successor and his brother attended succession planning seminars to learn about the process. Another company, G, not only benefited from the High Center's support but also hired a mediating firm to guide the family through the process. He said that at the time of the advising succession sessions, his dad and both of his siblings were all working in the company and they would sometimes have conflicts with each other. After few sessions they decided unanimously who would be the successor. He also said that the High Center, *"gives us ample help and opportunities and the best practices."* Company F said: *"We got a family counselor to come in and talk to us about what do we really want."* They used these meetings to work together as a family to align their goals and hear everyone's opinions.

3. Less exposure to stewardship

The concept of family business stewardship helps understand family business behavior. It involves seeing the current generation as the stewards of the business for the next generation. The creation of a stewardship culture needs a process of learning and education that starts early in life (Bretton-Miller& Miller, 2015). Because this was the first transition for each family business, there was a lower likelihood that a strong stewardship culture emerged. Therefore, the successors might not have been exposed to a higher degree to the stewardship values. The majority of our sample's successors started their career outside of the family business and four of them never thought that they would take over the family business because there were siblings ahead of them who were supposed to become the successors. Moreover, they never saw an opportunity, or they were keen on building their own career outside the family business. For example, in company A, the successor never thought that she would take over not only because her brother was in line to become the successor but also because she never had had the motivation to join the company. In company F, the successor shared: *"It was never on my radar that I was going to come here. In fact, I don't think I'd ever considered it until that lunch."* It was not until her parents asked her to step in that she decided to come back into the company to be the next successor. In company I, the successor was certain that he would not take over the company: *"I was not at all thinking about going to work for the company. I had completely different goals and aspirations and if you had asked me back then if I would ever even consider going to work for the company, I would have told you no."* In the case of I's, it was not until the successor's father and other members of the company asked him to join the company that he changed his mind. For this company, the successor was working as a lawyer when he came into the family business, despite the fact that his family business is not a law firm. The company brought him in as legal counsel and he eventually moved up the corporate ladder. If he had not been working as a lawyer at the time, he may not have been recruited to come back into the company. Only three of the successors started their careers inside of the family business.

Of the seven second generation members that started outside of the family business, four started in a related field to the family business. For example, in company A, as the successor worked for a marketing agency she has a chance to work with her family business, when it became a client. She also worked with other automotive dealers, giving her experience in the field. Other examples are the successors of companies F and E, who both started their careers outside the family business but in the same industry. Although the incumbents did not nurture them as successors in their early career, they did have them work in the company as children or during college. Some of the successors worked very briefly in the company typically during summers. Company I stated that: *"I worked as a construction laborer for the business two summers when I was in college"* and company B said that: *"I was ten or twelve years old, when I first started doing labor work and things in the field and I continued this line of work during summers in high school and college".*

4. Difference in leadership styles

Another challenge the successors faced was the difference in leadership styles compared with the first generation. Six out of ten successors rated their parents as top-down leaders, while nine out of ten successors rated themselves as bottom-up leadership style. When the first generation tried to make the successor run the company in predecessors' style, the successors were unsuccessful (Mitchell, Hart, Valcea, and Townsend, 2009).

Conversely, when the successor had a different leadership style it could also lead to conflicts between the two parties. One example, where the leadership styles came into conflict, is the company D where the successor's father was keen to control every step in the manufacturing process. He was the one in charge and did it all himself: *"My dad, was a salesman, publisher, production manager, and everything."* His dad was the supervisor, who did every step and he micromanaged everything that went on, *"He liked to read every book, he wanted to personally approve every manuscript, personally approve every cover, personally approve every single point in the process."* When his son, gained control as the successor, he realized that he could hire people, delegate many tasks, and rely on experts that could specialize. The experts run their sections and have their own teams, but the successor listens to their ideas and provides feedback without having to do all the work. When discussing this he mentioned: *"because I work with them and we keep running minutes on everything that goes on, I know everything, I feel like I'm involved in everything"*. This allowed him to grow the company and focus on other more important tasks while staying in touch with his key people.

Despite their differences in leadership styles, six out of the ten successors said that they still rely on the predecessor as an advisor throughout and after the transition process took place. This supports Cadieux's (2007) research on the role of the incumbent as an advisor. In company A, the successor shared that one of the most important pieces of advice for future family successions she would give is *"to complete the succession while the incumbent is still alive."* She recommended this as she still asks her father for advice in many different situations. Debating ideas with her father allows her to capitalize on his experience and come up with sound solutions. This does not mean that she is going to do the same thing as he did in the past, but she will use his advice to develop different solutions to the same problems. She said that she is able to talk through decisions with him and use his experience as an invaluable resource. Other successors, as in the case of Company D, shared: *"on a regular basis we'd have breakfast. Or I'd go see him in his house and we'd sit and talk for a while about things."* He continued saying that he would help his dad while he was in the hospital: "*I would bring sales items and author deals into the hospital and sit with him and review them to get his feedback."* In company H, *"as far as business savviness, they realized that I had a better understanding,"* but she would continue to ask her dad for help. The company F's successor highlighted: *"My dad is still very much an advisor to my brother and I. Even though hold the title, I still ask him to participate in most of the major decisions. In my mind, it is still his company and he is still very passionate about it.*" It is clear that the successors use the incumbents for learning and guidance because of their experience and knowledge in growing the business since it was a start-up.

5. Working with siblings

Another issue is working with siblings. If more than one sibling works in the company, it can be difficult for an incumbent to choose one child over the other(s), especially if this would affect family harmony or would anger the unchosen potential successor. Nicholson (2008) found that the incumbent's inability to select a successor leads to family business failure. This was the case in company G where the successor's brother at one point was also interested in taking over the company. The successor said about his brother: "*Depending on the day, he would say he wanted to take over and other days he did not want to.*" This put the father in a tough position on who to choose as the successor. They overcame this issue by holding meetings as a family with a third party to act as a mediator and work through the issues. During the discussions, "*we made sure we were working things out and we all agreed that I would be the next CEO*". This took a weight off the incumbent and allowed him to continue with the process without having to affect the family harmony. The unchosen brother is currently working as a manager in another part of the company. Working together to reach the decision, maintained the family ties and kept both brothers involved in the business.

Out of the companies we interviewed, only four had siblings currently working in the company. Out of those four companies, three believed their siblings had complimentary skills to their own. Some examples are the companies D and F. In these companies the successors both feel that their personal skillset facilitates to build relationships with stakeholders and helps them become the figure head of company. At the same time, the siblings' skillsets are in the IT department or behind the scenes of the company. This helps them avoid conflicts or overlap in the activities they are assigned or that they are overseeing. In company F, the successor said about her brother: "*He's a researcher, he's an intellectual and less of a salesperson. I'm the outward facing person in the company, so we work really well together. He's the brains and the engine behind the scene and I help make the relationships and get things done.*" Most of the companies had siblings working in the company at one point, but they eventually found another path. One example is company A, where she started her career outside the business and never thought that she would take over the company. Her brother was in line to take over the business, but when time came for her father to pass the torch, he realized that his son had some personal issues that would interfere with his ability to be successful. The father, now ready to retire, had no one to pass the company onto. Then his daughter, the current successor, stepped up and said that she would be willing to come back to the company and take over.

She left a strong career behind and had a successful transition process. Her brother, unfortunately, had a difficult time accepting this change and her relationship with her brother has never been the same. This caused a huge rift in family harmony, to the point where there is still a lot of tension when it comes to family gatherings. It is important to consider all children even those that are not working in the company as potential successors.

6. Incumbent's reluctance to transition

The next issue is the incumbent's inability to let go. The incumbents put their sweat and hard work into the company for years and were able to accomplish a dream. Over time the company became part of who they were, and this made very hard to let it go in some circumstances. Some of the incumbents identify themselves with the company. When they pass it on, they are losing a part of themselves. When the incumbent is not able to truly pass on the company, it can prohibit the successor from truly being able to lead the company. In the case of company H, the successor's father has not given up enough control in order to guarantee his daughter's control of the company in the future. She said: "*I could put a building on it, but I did not want to do it until I have some kind of promise.*" She is a farmer who raises animals and if she expanded and added another building she would be able to increase the number of animals substantially, but because of her father's inability to let go, she said she would not make any changes to the company until she has that guarantee for her future security. This is hurting the company because the unwillingness of the incumbent to pass on control does not allow to capitalize on growth opportunities.

One way that companies were able to overcome this was that six out of ten companies had the family owning other family businesses. They were able to learn from the other family businesses even if their company never experienced a certain situation. In the case of company B, the mother had a ten-year older brother who owned a mechanics shop. His son worked in the company and when the mother's brother was ready to retire, his son said he was no longer interested in taking over the company. The son said he did not want this extra responsibility, when he himself was almost ready to retire. Years ago, he wanted to take over, but now he did not want the company anymore. His father waited too long before trying to pass on the company and now the company did not make it to the second generation. In company B, his mother saw what happened with her brother's business and did not want this to happen to her family business, so this triggered the succession process for the company. Without this knowledge from their other family business, they might have fallen to the same problem that her brother's company faced. Another solution to help the incumbents move away from the company is to be involved in projects, hobbies, or other activities. Five out of ten successors were thought to have had some other interests. The incumbent in company D *"continued to travel for ministry. He was asked to go to live in Africa for six months to preach at different churches."* He did not go because he did not want to leave his grandchildren, but he focused on his ministry and he continued to write books as well. In company G, his father still comes into the business, but he would just work on his own projects that did not relate to the day to day operations of the company. In company A, the incumbent keeps his office in the company but just came in everyday to read the newspaper and act as a consultant, if needed. This gave him a purpose and allowed him to fulfill his need to be part of the company he created. Another incumbent worked more on investments and did not do anything day to day in the company. The successor of company J said about his dad: "*he invested personally in some cases, and sometimes he would also encourage the company to invest.*" Out of the six companies that continued to use the incumbent as an advisor, four of them also said that their parents had other projects to work on to help them let go. Due to the combination of being involved by giving advice when needed and having projects to work on, the incumbents were able to move away from the company and allow the transition to fully take place.

7. The strategic changes brought by the successor

The last challenge faced by the family businesses were the strategic changes brought by the successor. One example is company G where the successor needed to make changes in how people worked on a daily basis and bring more structure to various activities and processes. This upset a lot of employees because they had been doing things the old way when his father was in control. There were more rules now that his son took over as the son was much stricter. The successor said: "*I'm the bad guy. I don't have a choice because they're not pulling their weight.*" This was a huge challenge for the successor as he was trying to make the needed strategic changes. Another issue occurred when the successor tried to make changes and the incumbents did not agree with those changes.

In company I, the successor's father invited him to join the company to take over as he worked outside of the business, but when the son joined and started making some strategic changes, his father was upset. As the successor recounted it, *"My father went to the board of directors and he basically said, 'I made a big mistake. My son is not capable of running this business. You need to get rid of him.'"* The successor said that his father was making his job harder because he wanted him out of the company.

Eventually the board had an ultimatum that they needed to remove the successor or the incumbent. The board of directors removed the father and the son is still running the company. The incumbent left the company very angry and for this company the relationship was never the same with his father. This caused huge issues within the family harmony. The successor said, when talking about the situation in general, *"the father said, 'I wanted you to come into the business because I wanted, new ideas and new enthusiasm, but you came in with new ideas and new enthusiasm and I didn't like your new ideas and enthusiasm.'"*This is the exact case that happened in this situation where the incumbent did not like the changes that the successor was making, and the board of directors sided with the successor because they wanted to see change and growth. Another issue is the arguments with the incumbent on the changes that the successors wanted to make. In company D, the successor had issues with the father on how they differed their opinions were of how the company should be run. *"We had some pretty tough battles at points, but some of the best relationships are ones where you can have a terrible fight and still come back and be friends who care about each other, and still want to go forward."* They were always able to work through these issues and he felt that this proved how close he was with his father. His father never trusted him when it came to legal matters but always trusted him on the business issues. To convince his father on legal matters, he involved his brother, who is a lawyer, to explain the legal issues to the father.

Discussion and conclusions

In conclusion, the companies we interviewed were able to complete a successful transition by overcoming the many challenges and obstacles they faced. The lessons that can be learned on how these companies were able to overcome these challenges is crucial information not only for families getting ready for succession from the first to the second generation. Moreover, the findings will allow practitioners such as family business centers and family business consultants to better understand the intricate family dynamics and unique context of family business due to the complex relationships among the family, business, and ownership subsystems. The paper findings provide additional guidance on how to transition to the next generation.

A direction for future research is to go beyond a regional focus and expand the sample to a national level. This would allow us to analyze the trends that occur from a broader perspective. Further research could look at trends in U.S. family businesses compared to family businesses in other countries around the world. Another topic for future research would be to see whether the trends we found would be different based on the size of the companies; what challenges are faced more frequently by small, medium, and large companies; would the challenges be different for male or female successors in these different size companies. We would also like to see if the challenges are reoccurring for subsequent generations by looking at second to third, and third to fourth and beyond. Other direction is to interview both the incumbent and the successor in a more recent transitions and determine whether the opinions between the two groups vary on how the succession went and the challenges they faced. It would be interesting to see if there are discrepancies in their perception of transition. It would also be helpful to have firsthand knowledge of the incumbent's point of view. Researching both sides of the equation would be more helpful for both incumbents and successors in the transition process. Lastly further research could analyze whether various industries would have an impact on the challenges faced in the succession process.

Overall it is crucial to have successful successions between generations in order to ensure the continuity and renewal of family businesses. Managing a business in general is complicated but even more complicated is managing the interface between family, business, and ownership for a family business. Once the incumbent chooses the successor, it is essential to avoid and overcome all the challenges that may arise in order to successfully pass on the business. Small businesses are the driving force in the U.S. and world economy. A strong, viable, family business succession process will benefit all and enable the economy to continue to grow.

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