

How Founders Can Stay Relevant When the Next Gen Takes Over

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KEYWORDS: Family Business Consulting, family business advice, Help with a family business, family business succession planning.

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When it's time for a family business to have a new generation of leadership, it's often difficult for the first-generation founder let go. Founders, justifiably proud of the businesses they have built, still yearn for relevance even as they realize that it's time for their sons or daughters to lead.

David Karofsky, Principal of the Family Business Consulting Group, spoke with Family Business Editor Kimberly Eddleston about how the older generation can hand over the business to the next generation with confidence and without regret. He compares the handoff to a relay race, in which both runners must hold the baton together for just the right amount of time, or risk dropping it.

The key to a smooth handoff, Karofsky says, is for both generations to appreciate what each other has accomplished, and to carve out a role for the older generation to continue to stay meaningfully involved. This might entail serving as a board member or CEO, and then gradually transitioning the decision-making power to the new leaders.

In this discussion Karofsky shares stories about the actual families he's helped with this succession planning -- including one transition that went well and another where the founder had a hard time letting go.