

# Before You Grow the Family Business, Know What Not to Break

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**KEYWORDS:** family business advice, family business succession planning.

The challenge during succession is that not every inherited element deserves to be preserved. But not every piece of the legacy is safe to disrupt, either.

One of the most common mistakes in family business transition is assuming that leadership must be proven through visible change.

A next-generation leader steps in and feels pressure to show momentum. They want to establish credibility, demonstrate relevance, and signal that the business is moving forward. So they modernize the brand, update the positioning, change the way customers are approached, reshape the team, or push for faster professionalization.

Sometimes those changes are needed. But sometimes they damage the very thing that made the business valuable in the first place.

That is because in a family business, trust rarely lives in just one place. It is embedded in patterns, relationships, promises, instincts, and ways of operating that may not be written down anywhere. Family businesses can think of brand as reputation: not whether a company has a brand or needs to “do branding,” but whether it is intentionally stewarding the reputation it already has. That reputation directly affects pricing power, talent attraction, resilience, and enterprise value. And reputational capital represents the trust placed in the family business.

The challenge during succession is that not every inherited element deserves to be preserved. But not every piece of the legacy is safe to disrupt, either. Brand

and reputation don't automatically transfer when the business itself is transferred in the course of succession.

That is where many leaders get into trouble.

## The Pressure to ‘Make Your Mark’

New leaders often inherit more than a title. They inherit expectations, comparisons, and the emotional weight of what came before them.

One of the main risks of transition is overcorrection: a next-gen leader comes in and changes too much, too fast, trying to prove themselves, only to end up altering something critical to trust and reputation without fully understanding its importance. This instinct also connects to a broader leadership pattern in top management change: the “sledgehammer effect.” Leaders make sweeping changes to announce their arrival, even when those changes are not yet informed by a deep understanding of how the business actually works, or are made based on how the new leaders think the business “should” work.

The “sledgehammer effect” is particularly memorable and relatable because it captures a common pattern. In a family business, highly visible change can look like leadership from one vantage point, while looking like instability or feeling like indiscriminate destruction from another.

Customers may not object directly, and employees may not say much at first. They often give the new leader grace. But trust, once destroyed, is slow to be rebuilt, and the damage may linger for decades. We also have to be mindful of “founder gravity.” Sometimes during succession, memories of past leaders create stubborn beliefs about the family business and how “things are done,” whether those ways are still the best or not. So

new leaders are often pulled gravitationally to those ways while looking to establish their own voice and identity.

## What Next-Gen Leaders Often Don't See

The difficulty is not that next-gen leaders are reckless. More often, they are acting from a completely understandable instinct. If they are following a strong entrepreneurial founder or a highly respected prior-generation leader, they may feel that visible action is the only way to prove they are capable in their own right. The instinct is often tied to proving relevance. But in practice, it can move the company, the brand, and the reputation backward rather than forward.

What makes this especially tricky is that the deepest sources of trust in a family business are often invisible to those closest to it.

A customer may say they buy because of quality, but they also trust consistency in how problems are solved. Employees may say they value the culture, but what they are responding to is a pattern of judgment, fairness, and decision-making that has become predictable over time. A market may associate the business with heritage, but what it values is the confidence that the company will continue to behave in a recognizable and reliable way.

Those trust-bearing elements are easy to disturb before they are fully understood.

One example is a 5th-generation leader in a manufacturer who saw a large untapped growth opportunity in direct-to-consumer sales. He used his tech background to move quickly and grow revenue in this new channel. Unfortunately, this strategic move that made sense from the outside undermined critical relationships with long-time wholesale customers who saw it as a competitive threat. The manufacturer ended up losing more sales than it gained, and found itself in an unsustainable position competing with large conglomerates instead of its former profitable niche.

## The Real Leadership Task: Discernment

This is why the central task in generational transition is not simply evolution. It is judgment.

Before changing visible elements of the business, new leaders need to understand a more fundamental question: What exactly is creating trust here?

Some parts of a legacy business are essential, while others are simply familiar. Those are not the same thing, but they are often tangled together.

This is one of the "liabilities of success" that family businesses can face: The very things that made the business successful can become anchors that make change harder later on. That tension is real. A family business cannot preserve everything unchanged and stay relevant forever. But it also cannot assume that the safest way to lead is to start knocking down legacy components without understanding what purpose they served.

## Trust Is Contextual, Not Hereditary

One reason this matters so much is that trust does not automatically transfer with ownership.

If we think of a brand as reputation, trust, or market position, it is something that does not automatically transfer simply because ownership has transferred. Families often assume goodwill will move seamlessly through the generations. But trust is always contextual. It is not hereditary.

That truth has practical consequences. When a new leader changes the company's language, priorities, symbols, or behavior too quickly, stakeholders don't just evaluate whether the new strategy is smart. They are asking a deeper question: Can I still trust this business?

That is why succession often leads to two opposite yet equally risky outcomes. One is overcorrection: too much change, too fast. The other is *founder gravity*. That is when succession has technically happened, but trust and decision-making still route back through the previous leader. In that scenario, the next generation never fully earns authority because the organization and the market are still orienting themselves around the past.

The work is to find the middle ground between those two traps.

## Three Questions to Ask Before You Change Anything Visible

For next-generation leaders, the most useful starting

point may be a set of questions rather than a set of actions.

### **What do customers, employees, and partners actually trust us for?**

*Is it responsiveness? Quality? steadiness? fairness? technical expertise? discretion? local relationships? speed of resolution?* The more specific you can be here, the better. Stakeholder interviews can be particularly helpful, as it is easy for leaders to assume that patterns from the past still hold true, or make incorrect assumptions.

### **Which parts of that trust are tied to the founder or prior generation personally, and which parts can be translated into systems, behaviors, and shared language?**

If trust only routes through one person, the business has a transferability problem. Family business leaders often overestimate how much is inseparable from an individual.

### **Are we changing because the market requires it?**

Again, customer listening can be a critical tool here. Ensuring that the enterprise has a regular system to surface insights about the market and turn those insights into action and decisions will help to fight against bias.

The research on leadership transition differs on the effects of leadership change and its complexity, depending on whether the leadership transition starts from a position of successful or inadequate firm performance and whether the successor is an insider or an outsider. However, the general tendency remains that incoming leaders overuse visible change as a legitimacy signal or based on their template of how they believe business should be done – “the sledgehammer effect.” Research also finds that these leaders then make a subsequent series of changes 12-18 months after appointment, once they have learned the strategic and business circumstances of the business more fully.

## **Evolve Without Breaking Trust**

If a family business is looking to become more transferable, there are a few practical starting points: developing a clear shared vision, updating messaging and structural documents, and defining clear guardrails for decision-making so the organization does not have to keep routing critical judgment back through a founder or central family leader.

These steps help a business separate what must endure from what can evolve.

A shared vision matters because it answers what mountain the organization is actually climbing. Without it, people can work hard in completely different directions. Updated strategic plans, brand guides, and messaging matter because they turn instinct into something more teachable and repeatable. Decision guardrails matter because they help to spread the stewardship of trust across the organization instead of concentrating it in one charismatic leader.

In other words, each of these steps helps families move from personality-based trust to organizational trust.

That may be the most important shift of all.

## **Modernization Is Not the Enemy**

Family businesses *do* need to evolve. Markets shift. Customer expectations change. Talent evaluates opportunity differently than it did a generation ago. Many family firms under-communicate their evolution and leave value on the table by failing to make innovation, modernization, and leadership development visible.

But visibility is not the same as indiscriminate change.

The strongest next-generation leaders have the judgment to distinguish between what is essential to preserve and what is necessary to evolve. That kind of discernment doesn't have the bold energy of a rebrand or a reorg, but in family business, it is often the more strategic approach. Because in generational leadership, the goal is not just to make your mark. It is to strengthen the business without breaking the trust that made it worth inheriting in the first place.

## **Actionable Takeaways for Successors and Family Business Leaders**

- Make sure you have a clear shared vision and revisit and rearticulate this during succession. This is to make sure that everyone is climbing the same mountain.
- Develop structured documents and messages around your brand to help shape and preserve it.
- Make sure there are decision-making guardrails

to ensure that trust, reputation, and ultimately brand, are augmented and not harmed during succession.

- A culture of storytelling is key to brand building and succession, and the rise of a new leader is a great opportunity to help build on past stories while creating new ones that support the brand.
- Look at the past to inform future behavior, but don't be trapped by it. Give space to envisioning the future and developing forward-looking strategies that build on this legacy.
- Ask yourself what is critically valuable to your customers and clients and how your brand fits into that now and into the future. Stakeholder interviews are a great way to ensure decisions stay aligned to current market needs.

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