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New Family Business CEOs Must Claim the Seat, Not Just Inherit the Title

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When a successor becomes CEO, the title may change overnight — but authority, identity, and trust do not. Next-generation leaders must act like the CEO before they feel like one.

A successor takes over the family business and gets the CEO title on day one. The belief that the company is now theirs to run does not come with it, and for many it never fully arrives. That gap, between the title and the belief, is where most next-generation leaders quietly come apart.

Succession Is Not a Hire

Family business succession is not like hiring a CEO from outside. The outside hire is a stranger, and the role is the only thing anyone knows them by. A successor has the opposite problem. Everyone in the building already knows who they are: the kid who grew up around the place, the founder's son or daughter. At home that identity never changes. In the company it must. Yet it often does not, because the people who shaped the old identity are still in the room -- the predecessor most of all, sometimes in the next office. The predecessor is rarely there out of ego; the business is where they were validated for decades, and no one gave them a way to belong to it once they stopped running it.

Succession also hands one person three roles at once: owner, family member, and the executive who runs the business. They do not move at the same speed. The family still relates to a son or daughter; the ownership may not have fully changed hands; and only the title changed on day one. The early confusion sets in when everyone, the successor included, loses track of which of the three is speaking, and the team only follows the executive.

The successors I work with know the business as well as anyone in the building, because they grew up inside it. What they have rarely done is run it, and running it asks for something else: holding people accountable; making the higher-risk strategic calls; moving from activity to productivity; and owning the culture, the P&L, and the decisions no one else will make. Underneath it, despite their experience, many successors feel unproven, like they got the seat on a last name and nothing more.

The Misread First 18 Months

The first 12 to 18 months after the handoff can make or break a new leader. The business shakes; growth stalls or the numbers slide; and employees start to complain. Doubt forms, in the new leader and the old guard alike, and everyone reads it as a business problem. The board brings in advisers, the predecessor leans back in, and the new CEO gets pushed further from the chair. Everyone leans on the people who have done it before and searches for a better strategy, and the CEO is left wondering what he or she did wrong.

This is the most misread stretch in the succession. The board reads the CEO's hesitation as a competence gap and answers it with more strategy. The family reads it as a sign they are still needed and lingers. Successors, feeling both, pull back to wait until they feel ready, and an old fear creeps in: that they will be the one who takes the family from shirtsleeves to shirtsleeves in three generations. The saying is a myth, picked apart for years; we've since shifted our focus from fear to what families can actually steward and grow. However, the fear it feeds is not a myth. Everyone is solving the wrong problem. The question was never whether the new

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leader knows what to do. It is whether they have decided the company is theirs to run.

How One Successor Claimed the Seat

That decision, more than any strategy, is what separates the leaders who make the transition from the ones who stall. A prior client shows what making it looks like. I will call him Marcus. (Names and details in these examples have been changed.) He grew up in his family's business and took over as CEO, and he had run it for years on fear and doubt, softening his own authority without noticing it. In his words, "There are times I'm making a suggestion, but really it's a command. And that's on me." Marcus had grown up watching his father running the company and being domineering to everyone, and decided he never wanted to be that way. So he held back. He equated holding the line with being brutal, recoiled from it, and let things slide. Even when Marcus needed capital, the conversation was, "Dad, we need money for this," rather than making the call himself.

Two things contributed to Marcus's growth into a true owner and leader of the company. The first was separating accountability from cruelty. You can be collaborative, even friends with your team, and still set expectations and responsibilities for a role. He started turning his suggestions back into commands; put a clear, data-driven scoreboard in front of the business; and held people to it. The second came when an outside investor arrived, someone who could fund his next stage of growth. Marcus's first instinct was to ask the investor to mentor him, which was the wrong thing to do. The seeking of wisdom was getting in the way of Marcus seeing how much of an expert he already was. Fortunately, he changed his approach to "I think we can build a great company together."

Marcus walked into that room as the person who had built the company. He told the investor: "I'm not afraid to keep doing this regardless of whose investment comes in. It makes no difference to me. This is my mission. I've been here a long time." He was negotiating from his own conviction, not auditioning for theirs. He stopped calling himself the operator, or his father's son in the building, and defined his job plainly: "I'm the CEO, and I'm responsible for holding the team accountable, setting the standards. I need to ensure they can be successful. And that means giving them clear standards to achieve. If they don't, then they shouldn't be here."

None of that change came from new strategy. It came from a man who decided the company was his to run, and then acted accordingly. To become the CEO, you must be the CEO, not merely in title.

It's a Choice

We've seen similar patterns with other successors. One described running the company "with a leash, and not a support team," carrying full responsibility with no real authority, and waiting for the owners to finally recognize he was the one. The task was getting him to stop waiting, because the authority was never going to be handed to him: It was something he had to create. He stopped asking and started setting terms, and within a year he had gone from drawing up the company's worst-case plans to planning acquisitions.

Another kept quietly fixing his people's mistakes rather than confronting anyone, until he learned that holding someone accountable and keeping the relationship are not opposites. The shape is always the same: They have the capability, and what they are deciding is whether the seat is theirs.

The behaviors that follow are familiar. The new CEO sends decisions they are entitled to make back to the board, or the team, or the last generation, not for the input but to avoid owning the call alone. They hedge until no one can tell what they want, and then nothing moves. Some hire the best operator in the business to run things, figuring an employee in the predecessor's chair at least keeps them in charge. Many are waiting to feel respected instead of requiring it.

None of this is a matter of competence. Some of what they are missing can be taught. But mostly it is a choice: to defer instead of decide, to stay the heir instead of become the chief executive. The longer they defer, the more the organization treats them as provisional, which feeds the doubt that started it.

Act as the CEO First

What breaks the cycle is not more strategy. It is acting as the CEO before you feel like one, because the feeling follows the behavior rather than the other way around. If you are the one in this seat, the work falls into four moves.

1. Get clear first

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- Define who you are as a leader, and how you intend to lead, before you ask anyone to follow.
- Define what you want from your career, because the seat has to serve a life you actually want or you will not hold it with conviction.
- Define where you want the company to go, so the transition has somewhere to point.

2. Take the seat where people can see it

- Have the conversations with your predecessor, the board, your family, and the business, and make clear that you are leading now.
- Make it formal. Announce the transition so no one has to guess who runs the company.
- Be visible. Put yourself in front of the company rather than behind the operator you hired to stand in your place.
- Hold one-on-ones immediately. Meet your key people directly in the first weeks, not the first quarter.

3. Build your footing

- Learn the business yourself. Get into the numbers and the operations before you bring in outside help.
- Get a mentor who has carried the seat before, so you have a place to think out loud that is not inside the company.
- Build your team. Put the right people in the right seats and develop them, because the company can only grow as far as they can.

4. Then lead

- Set the standards and the numbers, and hold people to them, including the ones who knew you before you had the title.
- Make the decisions that are yours to make, without sending them to others for validation or cover.
- Talk about your vision, and keep talking about it, more often than feels necessary.
- The identity does not arrive first and produce the behavior. The behavior is how you claim it.

The hardest of those conversations is the one with your predecessor. You are leading now. You still want what they know. But they cannot keep confusing the team about who runs the company. The discomfort that comes with that conversation is not proof you chose wrong. A year in, it is proof you are still being treated as the son or daughter instead of the chief executive.

The company that does not survive the third generation is rarely lost for lack of strategy. It is lost by a leader who waited to feel ready. The title was given. The identity has to be claimed. The authority has to be taken.

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