

Family Business CEOs Look Ahead

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Family businesses are distinguished by thinking and planning in terms of generations, rather than quarters. That long lens ties the family talent to the future of ownership, strategy, and evolving purpose, and penetrates every aspect of family businesses, from operations to culture to governance, in ways that are different from other organizational models. Because of this, the relationship between continuity and change stands out.

The frequent disruptions, mounting uncertainty, and perennial crisis management of the past few years have weighed on long-term planning in family businesses. Change is happening so fast and so often that family business CEOs have told us that they have had to increase their organizational adaptability, to find new ways of advancing long-term continuity and engaging future generations across increasingly necessary transformational agendas.

In our CEO study "[It Starts With the CEO](#)," we heard from 153 family CEOs. In their responses, their emphasis was on the need for self-transformation in order to lead effectively into the future. Eighty percent strongly agreed that they needed to grow themselves in order to meet the challenges ahead. These CEOs stressed that the recent past had necessitated new attention to transformation, "from a proven recipe of success to a new recipe of sustained growth in the long term." They called attention to increased efforts across their organization to embark on and enact change; most claimed to have witnessed a proliferation of new possibilities and pathways generating from their teams. Crisis necessitated this new willingness for experimentation and broadened family leaders' approaches. "Suddenly, everything became conceivable," one explained. Another proudly recounted that she was able to "understand that I can do many things

differently than I thought, and that things do work that I thought were impossible." Added another: "After six years on the job, I *finally* challenged my ability to drive change."

Blending the Old with the New

Driving adaptability through the ranks and across their organizations has been challenging, according to the family business CEOs we heard from. Many encountered increased appreciation for the more immediate decision-making and agility required today. Nonetheless, as one put it, "Transformation requires a lot of conviction," and they are having to work hard to reach alignment over shifting strategic lenses and the resetting of performance goals with their executive teams and boards. In addition, the speed with which working environments have changed has left clear voids across organizations where old practices, networks, and structures are still in need of reinvention or repurposing. Thus, on both strategic and operational levels, many things are in a state of flux, and family business leaders are discerning what is most essential to keep and most important to develop for future success.

In tackling these challenges, exceptional talent will prove crucial. In a recent article in [Harvard Business Review](#), our Egon Zehnder colleague Sonny Iqbal and our former partner, now Harvard lecturer, Claudio Fernandez-Araoz, working with finance professor Gregory Nagel, stress how important it has become for family businesses to refocus their talent management in these uncertain and more complex times. Given the traditional commitment to generational inheritance, continuity, and long-term planning, transitions like those we are encountering—massive, unpredictable, unavoidable, as well as potentially greatly opportunistic—

are propelling family businesses into “the vortex of an unprecedented reshaping of global industries, financial volatility, and employee empowerment.” In confronting this, family businesses will be most empowered by doubling down on talent expertise and really concentrating on the “who” first and foremost (before the “what”)—on the very best talent capable of both changing and carrying the family mission into the unknown future. “Particularly in times of great change and uncertainty, enduring greatness does not start with a clear vision of what exactly you will be doing,” our colleagues argue, “but by making sure that you have the leadership team that can adapt to whatever comes next and perform brilliantly.” They go on to emphasize the benefits of investing in both the better development of high-potential internal talent as well as launching focused hiring efforts.

Enhancing Core Principles

The family business leaders we spoke to are very clear on a few points: Above all, they want to make sure that they anchor any ongoing and necessary transformation to their company purpose and link this to their core values. As John A. Davis, a leading authority on family businesses and author of *Looking Into the Future of Business Families*, has recently stressed, family businesses have no choice now but to adapt, and those changes may be radical, or they may be gradual, or some blend of the two. Regardless, Davis’s mantra for their future is: “Build value according to your values.”

To grow in this direction, family business leaders are seeking to keep nurturing the experimentation necessary to foster new growth and opportunities beyond the legacy business while doubling down on their central mission. As one CEO recently explained during the murky terrain of the past few years: “As a team, we translated challenge into opportunity to live our purpose and reinforce our values in real time by simply being there for our customers and our people.”

Communicating and demonstrating real and accessible care and compassion across their organizations and beyond into their communities has always stood out for family

business leaders. And it is being emphasized even more now. Many family CEOs tell us that the past few years have “increased my awareness of my social responsibility” and made them realize anew the obligation they have to all their stakeholders and employees. “I became more empathetic with the personal challenges people face daily in their lives and how it affects performance and well-being,” said one family business CEO. Sustainability for the future depends on the refortification of these commitments. “Companies need to play a role in being a stable part of people’s lives . . . as well as to ‘take a stand or take a seat,’” another family business CEO emphasized. By creating and demonstrating their company values, leaders are hoping to offer an inspiring example to customers as well as a “safe harbor to our employees.” With this focus in the forefront of their future approach, it’s little wonder that family businesses are often assuming a leading position in the current swells of ESG platforms.

Whatever the change agenda, family business leaders are developing it around an ongoing commitment to continuity across time and over generations. While becoming more transformative themselves and encouraging the same in their teams and organizations at large, they are also focusing on long-held values and purpose, and strengthening these within the tides of change and augmenting social impact. To get there, they know they must stay willing and adaptable in both expanding their own leadership capacities as well as those of their existing talent and new talent acquisitions.

The recent past has shown how decisive and agile family leaders and their teams can be in responding to unforeseen challenges and emergent opportunities—often to their great surprise. They fully expect to leverage and capitalize upon those lessons in the period ahead.

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Kati Najipoor-Smith and Dick Patton lead Egon Zehnder’s global CEO Practice which over the past five years has applied its own future-oriented, proprietary approach to help guide 2000 CEO mandates: <https://www.egonzehnder.com/functions/chief-executive-officers>. Across the world, members of Egon Zehnder’s CEO Practice partner with clients on CEO succession, advisory and recruitment. The practice is committed to becoming trusted thought partners in the important and challenging work of identifying and developing the best leaders for our diverse and evolving world.