
The Succession Illusion

*Why Families Do Not Hand Over Assets -
They Hand Over Authority*



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I have been thinking about succession more than usual recently.

Partly because the subject has appeared in several very different conversations. In one, the question was whether the children should enter the operating company, and if so on what terms. In another, the family office still depended heavily on the principal's judgement, although everyone knew that could not remain the operating model forever. In a third, an entrepreneur had built a valuable company and, almost by definition, had also become the person without whom too many decisions slowed down.

In each case, the formal succession work either existed already or could be organised. Lawyers could draft. Trustees could administer. Boards could be adjusted. What was much harder was the question underneath: what exactly has to move from one generation to the next?

The obvious answer is ownership. Shares, trusts, foundations, holding companies, wills, voting rights and governance documents. Most of the professional machinery naturally focuses there, and rightly so. Without proper structuring, succession can lead to tax leakage, disputes, uncertainty and forced decisions at the wrong moment.

But the more time I spend with families, founders and family offices, the less convinced I am that ownership is the real centre of the problem.

The harder part is authority.

Who can decide when the family disagrees? Who can say no to a family member? Who can tell the board what the family really wants? Who can remove a trusted executive? Who can approve the sale of an asset that is financially attractive but emotionally difficult? Who can speak for the family when no one is fully certain of the answer?

Those are practical succession questions, even if they rarely appear that way in the first draft of a legal document.

This memo is my attempt to examine that harder question. Estate planning, constitutions and next-generation programmes all matter. My concern is that they can leave the real transfer unfinished.

Succession is more than the transfer of assets. It is the transfer of authority, judgement and consent.

If those have not moved, the succession has not happened.

The Invisible Mandate

Most substantial families eventually build a formal system around the assets: companies, trusts, foundations, boards, committees, reserved matters and charters. Much of it is useful. Some of it is there because serious families are expected to have it.

Alongside that formal system sits something harder to describe. I think of it as the mandate people defer to even when nobody has written it down: who can interpret the family's past, approve risk, stop a transaction, tell a relative he is not ready, or end an argument without leaving lasting damage.

In many families, that mandate sits with the founder, the patriarch, the matriarch or the current principal. It may not be called a mandate. It may not appear in any legal document. But people know it exists.

In many cases, the principal is the final underwriter of risk. When a major investment, acquisition, sale, dividend decision or financing question cannot be settled by analysis alone, the principal absorbs the uncertainty and decides.

At other times, the principal is the court of appeal. When siblings disagree, when the board hesitates, when the family office is unsure how far its mandate reaches, the matter travels back to the centre.

The same person may also carry the family memory. He or she remembers why a business was kept even though the numbers were poor, why a partner was trusted, why one branch remains sensitive about an old decision, and why a particular name or building still matters.

So people do something very human. They look for consent. They may have the legal right to decide, but they still want to know whether the principal is truly behind the decision.

I do not mean this in a mystical way. It can be a phone call before the meeting, a short comment afterwards, a silence that everybody notices, or a question asked in a tone that tells people the matter is not settled. These things are not in the governance chart. They still influence how the system behaves.

For a long time, this may be exactly what makes the family effective. The principal remembers the context, senses when an adviser is pushing too hard, understands the personalities, and is willing to decide when everyone else would prefer another round of analysis.

The weakness appears only later. Nobody has written down how that authority should travel, or which parts of it should not travel at all.

The shares can move. The board can change. The family council can meet more often. The family office can produce better reports. The younger generation can attend more sessions. But if the real weight of judgement has not moved, the family has changed the structure without changing the authority.

That, to me, is the succession illusion.

The Evidence Is Plain Enough

The data does not capture the whole problem, but it points in the same direction.

J.P. Morgan's 2026 Global Family Office Report, based on 333 single family offices across 30 countries representing more than \$500 billion of wealth, found that 86% of global family offices do not have clear succession plans in place for decision makers.¹

UBS reports that only 35% of family offices have a defined succession plan in place, and that only 27% have a structured process to educate or prepare the next generation for future roles and responsibilities.²

Deloitte's 2026 work on family business succession describes succession as an immediate strategic priority involving leadership transition, ownership dynamics and family legacy, rather than a distant planning exercise.³

KPMG's 2026 Global Family Business Report notes that business succession and next-generation readiness rise from 20% as a short-term concern to 31% as a long-term concern, which suggests that many families recognise the issue but still push it into the future.⁴

I am careful with numbers in this area. A survey cannot tell you whether a daughter has real standing with her cousins, whether a non-family CEO will be allowed to run the company, or whether the family office can decline a request from a family member without causing a broader issue.

Even so, the surveys point to something I recognise. Most families do not need another presentation telling them that succession matters. They know. Their advisers know. Their banks, trustees and lawyers know. The part that stays vague is more practical: who will decide, and with what authority, when the old way no longer works?

That is a difficult question to answer honestly. A founder has to give up some authority while still caring about the outcome. Siblings have to accept rules that may later restrict them. Younger family members want to be taken seriously, but still have to earn judgement. Professional executives have to know whose mandate they are serving as the centre of gravity moves.

So the subject gets postponed. Usually politely. Sometimes quite intelligently. But time by itself does not transfer authority.

Ownership Is Not the Same as Authority

A lot of confusion starts because families use one word, succession, for several different things.

Ownership is the part that can be written down. The lawyers can draft it, the trustees can administer it, and the tax advisers can structure around it. This is necessary work. It is also the part of the problem that the professional machine is best equipped to solve.

Leadership is more visible than ownership, but not always more real. A chair is named, a CEO is appointed, a family office head is confirmed, or a committee is formed. Everyone can point to the new arrangement. That does not mean everyone believes in it.

A professional CEO may still wait for the founder's signal before acting. A family chair may have the role but not the trust of the cousins. A committee may have an agenda, minutes and advisers, yet still avoid the decision everyone knows is coming.

Judgement is the hardest part. It is not given by a resolution. It is learned by being close enough to serious decisions to understand why they were made.

Why was one business kept and another sold? Why was one manager backed and another removed? Why was debt acceptable in one period but not another? Why was an attractive offer refused? A future owner learns a great deal from those answers, especially when the answer is not tidy.

This is where I think many families underinvest. They keep the next generation close enough to be informed, but not close enough to understand the trade-offs. They hear the presentation. They do not always hear the disagreement before the presentation was agreed.

Ownership can move with a signature. Authority normally takes longer.

The Family Enterprise Test

In a family that owns operating businesses, succession is not a private family matter. The business feels it as well.

The outside world notices more than families sometimes assume. Banks, boards, senior executives, co-investors and key employees may be too polite to say it directly, but they are usually watching for one thing.

Does this family still know how to own?

That question is different from whether the family still owns the shares. Serious ownership is a discipline. It requires knowing when to be patient, when to intervene, when to replace management, when to protect the balance sheet, when to sell, and when to accept that emotional attachment is no longer a sufficient investment case.

In a listed company, ownership can be dispersed and liquidity can do some of the work. In a family-controlled company, ownership is more personal. It has memory. It has obligations. It has pride. It also has blind spots.

A family can be patient when markets are impatient. That can be a great advantage. It allows owners to invest through cycles, protect a company culture, back management through temporary weakness and avoid the tyranny of quarterly earnings. But the same patience turns into inertia if nobody has the authority to challenge an inherited asset, close a declining business, change a long-standing CEO or sell something the family has owned for decades.

This is why the unwritten mandate matters so much in a family enterprise. The issue is not simply who has the votes. The issue is who has the authority to use them well.

The issue is even more delicate in a conglomerate. On a chart, the businesses sit neatly under one family holding. In real life, they may mean very different things. One company may be the origin story. Another may be the growth engine. Another may carry the family name but not earn its cost of capital. Another may work well because the family has left management alone.

After a transition, those differences become harder to handle. One branch wants income. Another wants reinvestment. Management wants space. The board becomes less deferential. The family office starts asking portfolio questions. A sale that looks sensible in a review can feel, to part of the family, like a rupture.

If authority has not been clarified before then, business decisions become a way of fighting family questions without admitting that this is what is happening.

The practical questions are plain. Who can appoint and remove the group CEO? Who approves acquisitions and disposals? Who decides dividend policy? Who controls leverage? Who speaks to banks and strategic partners? Who decides whether a family member is qualified for an operating role? Who is allowed to say that a business should no longer be owned by the family?

That is not administration. That is control.

The Family Office Is Where the Tension Shows Up

People often describe the family office as an administrative office. That understates its role.

In many substantial families, the family office is where family authority, investment judgement, liquidity needs, business interests, reputation, philanthropy and adviser relationships meet. It is not always the source of the succession problem, but it often becomes the place where the strain first shows.

If the family is aligned, the office can be a bridge between generations. If the family is not aligned, the office can become the place where disagreement is expressed through investment mandates, reporting requests, distribution requests, adviser selection, complaints about transparency and pressure on staff.

This puts professional executives in a difficult position. A family office CEO or CIO may have a formal mandate, but still need to understand where authority really sits. Who is the real client? The founder? The spouse? The next generation? The board? The family council? The branch with the largest economic interest? The person who calls most often?

If the answer is unclear, succession will not clarify it. It will expose it.

I have seen future family decision makers become frustrated because they are invited to presentations but not trusted with decisions. I have also seen principals become frustrated because younger family members want influence before they have developed the patience and discipline that responsible influence requires. Both reactions can be fair.

The family office should therefore do more than report. It should expose future decision makers to real choices while the cost of mistakes is still manageable.

Sitting in an investment committee does not by itself teach capital allocation. Receiving a portfolio report does not by itself create risk judgement. Meeting advisers does not tell a young owner which adviser to trust. Running a philanthropic project can be useful, but it is not the whole education in enterprise responsibility.

If the family office only informs the successor generation, it may educate them. If it gives them a defined arena to decide, it may prepare them. There is a difference.

The Question I Would Put on the Table

If I were sitting with a principal, I would not begin by asking whether the family has a succession plan.

I would ask a more direct question.

Which decisions still need you personally?

I do not mean legally. I mean practically.

That question usually tells you more than the documents. You quickly see which committees matter and which are advisory, which professionals have a real mandate and which are still waiting for signals, which future owners are being prepared and which are merely being managed. You also see which family issues have been resolved, and which have only been held together by the founder's presence.

Once that is clear, I would not try to design the perfect framework. I would want the family to answer five questions without hiding behind process language.

1. Which judgement still sits with one person? There is usually more of it than the documents suggest. Name it first.

2. Which decisions should no longer depend on one person? Some matters should move to a board, a voting threshold, a family council, an investment committee or a professional mandate.

3. Who can say no? Approval rights are usually easier to discuss. Veto rights are more revealing. A family should know who can stop a distribution request, a transaction, an adviser appointment, a management decision or a family employment proposal.

4. Where can future owners carry responsibility before full succession? Future owners do not learn authority by observing presentations. Give them defined decisions with limited downside, clear standards and feedback afterwards.

5. Where does the unresolved question go? If it used to go back to the founder, it needs a new destination. It may be a chair, a board, a council, a protector, an external adviser or a vote. The answer can vary. The absence of an answer is the problem.

Good documents matter. But they should record the authority model, not pretend to create it from nothing.

In practice, I would focus on three things. First, list the decisions that still depend too much on one person. Second, decide which of those can be moved, gradually and safely, to future owners, a board, a committee or a professional executive. Third, make the mandate clear enough that people do not have to guess what the family wants before they act.

That is more useful than another succession document that everyone respects but nobody really uses.

A Word on the Successor Generation

I hesitate over the phrase "next generation" because it makes real people sound like a category.

One son or daughter may be commercially strong but uninterested in the operating company. Another may care deeply about the family but not have the temperament for a board. A cousin may be excellent around investments. Another family member may be a good owner, and nothing more needs to be forced.

That is normal. What damages families is not the difference in ability or interest. It is the reluctance to say anything clearly until the moment has passed.

Fairness does not require identical roles. In my view, fairness requires candour about what role is open, what standard applies, who judges it, and how someone can improve.

The younger generation has obligations as well. Influence is not something to be exercised casually because of a surname. It requires preparation, confidentiality, patience, and the discipline to be judged by conduct when money, reputation or employment is at stake.

In other words, the goal is not to turn every family member into an operator or investor. The goal is to have enough owners who understand what the family owns, know where their own judgement is strong or weak, and can work credibly with executives, advisers and each other.

A Final Thought

The point I would want a principal or family office CEO to remember is simple: succession is not proven by the documents. It is proven by what happens when the principal is not part of the decision.

Can the family office CEO act within a clear mandate? Can the board ask a difficult question without first trying to guess what the founder wants? Can a younger owner reach a view on an acquisition and be taken seriously? Can a family request be declined without the whole system becoming political?

Those are practical tests. They show whether authority has really started to move, while the current principal is still able to explain context, correct mistakes and absorb some of the risk.

If I had to reduce the issue to one question, it would be this: if the principal were away for six months, which decisions would still be made well, which would drift, and which would wait?

That answer tells you more than many succession plans.

The assets may have moved. The titles may have changed. The structure may look complete. But if the serious decisions still wait for the old centre, the succession is not finished.

Families do not hand over assets only. They hand over authority. And authority has to be used before it can be inherited.

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1. J.P. Morgan Private Bank, 2026 Global Family Office Report:
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