

How to Pass the Torch in a Family Business—Without Burning Bridges

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Tips for navigating the tricky handoff between generations

In a lot of family businesses, the biggest challenge isn't the competition, the economy, or even innovation. It's figuring out when—and how—to let go.

On one side, you've got founders who've built the business from the ground up. They've poured their lives into it, and it's hard to imagine stepping back. On the other side, there's the next generation—ready (or at least eager) to take the reins, but unsure how to step in without stepping on toes.

This tension can be a ticking time bomb. Founders often hesitate to hand over control, worried the next gen isn't ready. Meanwhile, rising leaders feel stuck, like they're waiting in limbo with no real authority or path forward. The result? Stalemates, broken relationships, and sometimes even broken businesses.

We've worked with over 2,500 families and have seen this story play out many times. But it doesn't have to end in disaster. With the right strategies—and learning new skills for improving trust and communication—families can manage transitions smoothly and preserve both their legacy and their relationships.

Here's how.

1. Find the Sweet Spot Between Control and Collaboration

Power struggles are common in family businesses. But they can get especially personal when legacy, identity, and family pride are on the line.

We saw one case where a son was asked to step into a leadership role. On paper, it made sense. But every time he made a decision, his father would override it. Eventually, the son left—not because he didn't care, but because it just wasn't worth straining the relationship any further.

This kind of breakdown is avoidable. The key? Understanding that autonomy and alignment aren't opposites. Founders can give the next generation room to lead while still working toward shared goals.

A good succession plan includes a clear timeline, decision-making boundaries, and agreed-upon outcomes. That way, both generations know what's expected—and where the freedom lies to get the job done in their own way.

2. Welcome New Ideas from the Next Generation

If the pandemic taught us anything, it's that reflection matters. Many families came out of that period asking bigger questions: What do we really value? What kind of legacy do we want to leave? How can our wealth make a positive impact? How can we take proactive action to ensure the family legacy will endure?

Those conversations are the perfect moment to bring the next generation into the fold.

In fact, research from PwC shows that family businesses that write down their core values are better prepared for leadership transitions. Yet only 44% actually do it, even though most say they have shared values.

We worked with one young, blended family who owned a billion-dollar business. They were concerned about how their children would find their place—not just in the business, but within the weight of their wealth. So, we invited each family member to share what they value, how they see themselves contributing, and what causes inspire them. What came out was a shared understanding of each other's roles, open and honest communication about what each person cares about, and meaningful actions they can take together in support of a vision for the future.

Bringing in next-gen voices early fosters buy-in, builds confidence, and makes it clear that their perspectives matter. Listening without reloading is a skill that can be learned, and vital to the experience of being heard. That's how business families start building a collaborative future.

3. Create Opportunities for Connection and Mentorship

It's not enough to talk about transition—all of you have to live it.

Founders who share the story of their business, the ups and downs, the hard-earned lessons, and the big wins are offering something priceless: context. That storytelling helps the next generation see where they might fit in—and how they can contribute going forward.

We've seen families succeed by letting younger members shadow leaders, offering "family bank" funds for passion projects, or simply making space for meaningful conversations about business growth and purpose. Some families even encourage time working outside the business to gain fresh perspectives before returning in leadership roles.

Bottom line: If G1 wants the next generation to care, you have to show them they're included in the journey, not just the destination.

4. Build Trust—And Know What That Really Means

Trust isn't just about liking each other. It's about believing in each other's sincerity, reliability, competence, and care.

As Charles Feltman outlines in *The Thin Book of Trust*, these four domains work together—and one weak link can break the chain.

We once worked with a father who trusted his son's intentions and values, but questioned whether he had the experience to lead the company's East Coast operations from across the country. Instead of shutting the door, they created a path forward: the son agreed to pursue an advanced real estate degree, commit to 4 trips to the east coast to expand his network, and build brand visibility on both coasts. That kind of collaboration builds trust—and it works both ways.

A successful handoff requires both sides to feel seen, heard, and supported. And it takes time.

5. Define What “Ready” Really Looks Like—Together

One of the most common stumbling blocks is disagreement over whether the next generation is ready. That's understandable—25% of failed transitions happen because the successor simply wasn't prepared. And as mentioned above, competence is one of the key foundations of trust.

But here's the trick: “ready” means different things to different people.

For one family, it might mean getting an MBA. For another, it might mean starting at the bottom and learning the ropes, for another it is the ability to support themselves. We've even seen founders insist on their kids working for competitors first to earn their stripes.

The point is, readiness should never be assumed, or expected at a certain age. It should be co-designed—with clear milestones, skills to develop, and timelines in place. That way, everyone knows where they stand, and the transition doesn't come as a surprise or a source of tension.

The Bottom Line

We get it—To a founder, handing over a business you've built is emotional. And for the next generation, stepping into leadership in the shadow of your parents isn't easy either.

But when families take the time to build trust, encourage autonomy, and define a shared purpose, something powerful happens: succession stops being a threat and becomes a natural evolution.

It's not about letting go. It's about moving forward—together.

FOOTNOTE:

Amy Castoro is president and CEO of [The Williams Group](#), a family coaching and consulting firm celebrating 60 years. She is also the co-author of [Bridging Generations: Transitioning Family Wealth and Values for a Sustainable Legacy](#). Amy and her team advise ultra-high net worth families how to build trust, navigate the challenges of intergenerational wealth transition, manage conflict, design governance strategies, and build sustainable succession plans. Amy holds a BS in Organizational Psychology from Adelphi University, and a Masters in coaching from the Strozzi Institute. Amy has trained extensively with Dr. Fernando Flores. Amy is a trusted partner of Tompkins Insurance.

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