

# When Succession Becomes Strategy: How Boards Create Value in Family Businesses



## ABOUT THE AUTHOR

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In many family businesses across Greece and Europe, succession is still treated as a *personal milestone* rather than a *strategic process*. It is often triggered by age, fatigue, or crisis—at precisely the moment when optionality is lowest and risk is highest. Boards step in late, conversations remain informal and decisions are shaped by trust rather than readiness. This approach underestimates the role of governance. Succession is not an event; it is a multi-year leadership and governance transition that, when designed properly, becomes a powerful engine for value creation.

## Why Boards Struggle with Succession

Family-business boards frequently face three structural challenges:

1. **Blurred roles** between ownership, governance and management.
2. **Emotional gravity**, where family harmony overrides objective assessment.
3. **Delayed engagement**, with boards acting as observers rather than architects.

The result is an extended "in-between" phase: founders retain authority, next-generation leaders carry responsibility without mandate, and the organisation hesitates. Strategic initiatives slow. Transformation stalls. External stakeholders sense uncertainty.

## Succession Is a Governance Challenge First

High-performing family enterprises reframe succession as a *governance discipline*. Boards do not merely approve successors; they define the future leadership model required by strategy. This starts with asking different questions:

- What leadership capabilities will the business need in five to ten years?
- How will authority transfer—incrementally or abruptly?
- How do we separate ownership continuity from executive capability?

By addressing these questions early, boards turn succession into a structured transition rather than a disruptive handover.

## The Board's Value-Creation Role

Boards that lead succession effectively do three things well:

### 1. Define the future leadership mandate

Succession should be anchored to strategy, not lineage. Whether growth, M&A, digital transformation or international expansion is the priority, leadership requirements must be explicit and clear.

### 2. Sequence authority—not just roles

Effective boards design phased transfers of decision-making rights. Authority moves gradually, through clearly defined milestones, rather than remaining concentrated until a sudden exit.

### 3. Introduce objectivity and external perspective

Independent directors play a critical role—not as symbolic appointments, but as disciplined challengers of assumptions, readiness and timing.

## From Risk Mitigation to Strategic Advantage

When succession is governed early and deliberately, its benefits extend well beyond continuity:

- Next-generation leaders gain credibility internally and externally;
- Strategic momentum is preserved during transition; and
- The business becomes more resilient to shocks—and more attractive to partners or investors.

In this sense, succession is not defensive governance. It is proactive strategy.

## A Call for Board Maturity

Family ownership provides stability. Governance provides clarity. Strategy provides direction. Boards sit at the intersection of all three. Succession tests board maturity more than any other issue. Those that engage early, act objectively and align leadership transition with strategy do more than protect legacy—they create long-term value.