

## Planning Your Family Business Exit: Understanding Your Options and Priorities (Part 1 of 2)



Last month, [we explored how family businesses can intentionally develop next-generation leaders for ownership](#). But developing capable successors is only half of a successful transition. The other half, which comes with its own challenges, is the current owner's journey toward stepping back and transitioning leadership.

A critical aspect of this process is navigating one of the most psychologically complex transitions a business owner will face while creating the conditions for your business, your family, your employees, and your successor to thrive.

This two-part series explores the leadership and relational dimensions of ownership transition. Part 1 focuses on understanding the landscape and clarifying priorities. Part 2 will address the emotional complexity of stepping back and how to navigate the transition effectively.

### The Opportunity for Intentional Planning

The landscape of business ownership is shifting. According to the Exit Planning Institute, an estimated 73% of privately held companies plan to transition ownership within the next decade,



representing a significant moment for business owners to shape their legacies intentionally. About half of business owners already have detailed succession plans in place, creating a foundation to build on (Robert Half Inc., 2026). Importantly, there's growing recognition that the remaining third of owners who are still exploring their options have an opportunity to approach this transition with clarity and purpose.

For family business owners specifically, 54% aim to pass their business to a family member, demonstrating a deep commitment to preserving legacy and continuity (ideas42, 2025). When choosing an exit strategy, 70% of business owners prefer internal transfers over external sales, prioritizing relationships and values alongside financial return (Exit Planning Institute, 2023). With intentional planning, these transitions can position next-generation leaders for success while honoring what the current generation has built.

The key in this type of transition is readiness. Business advisors increasingly understand that successful transitions address both the strategic and emotional dimensions of ownership change. The owners who navigate exits most successfully are those who recognize that planning for what comes next, both for the business and for themselves, creates opportunities that strengthen outcomes for everyone involved.

## It's Okay if Leadership Transition Feels Wrong At First

One leader, in the midst of transferring his family business, captured the internal conflict perfectly: "Everything I have to do right now is the exact opposite of what I have spent my entire career learning how to do. On a gut level, it all just feels wrong... even though I know rationally, I have to let go."

This internal struggle is normal human psychology. The traits that made you successful as a business owner often work against you when planning a leadership transition. Your ability to solve problems quickly and strategically, maintain control, and trust your instincts served you well for decades. But succession planning requires you to step back, delegate authority, accept that others will do things differently, and plan for a future where you are not central to operations.

Research on psychological ownership in family businesses reveals that owners assign deeply personal meanings to their businesses, which are highly individual, multifaceted, and emotionally charged (Wijbenga et al., 2023). The business often feels like an extension of your identity, a source of purpose, and frequently also offers the primary context for social connection and influence.



This makes [leadership transition](#) fundamentally different from any other business challenge you've faced. It requires addressing not just what happens to the business, but who you become without it.

## A Framework for Leadership Transition

Successful transitions result from intentional planning that addresses both practical realities and emotional complexity. Here are three essential steps for approaching your transition thoughtfully.

### 1. Start Planning Before It Feels Urgent

Research shows that only 15% of family businesses owned by baby boomers have a robust, well-documented and communicated succession plan (PwC, 2023). Yet the same research indicates that about 50% of business owners will exit unexpectedly due to one of the "5 Ds": death, disability, divorce, disagreement, or distress.

The most successful transitions involve owners who began planning years before the actual transition. Early planning creates psychological space to process the identity shift, explore what gives you purpose beyond your current role, and prepare yourself emotionally for stepping back. Beyond the goal of developing successors ([which we addressed last month](#)), this process is critical for preparing yourself to step away.

Starting early allows you to process the emotional complexity over time rather than under pressure, and to build a compelling vision for your next chapter while you're still actively engaged in the business.

### 2. Get Clear on What Matters Most

Before evaluating transition options, you need clarity on what you're actually optimizing for. The answer isn't always obvious.

Over half of business owners prioritize preserving the legacy and values of their business over financial considerations (ideas42, 2025). Yet many owners have never explicitly articulated what "preserving legacy" actually means to them or whether their intended path truly serves that goal.

Consider these questions:

- What matters more: maximizing financial return or ensuring the business remains in family control?
- Is continuity of employment for long-term employees a priority?
- Do you want ongoing involvement in operations, or a clean separation?



- Is maintaining the company culture and values more important than allowing the next generation to evolve the business?
- How do you want to spend your time and energy after you step back from daily leadership?

Different answers lead to fundamentally different transition approaches. It's important to consider transition of ownership, business operations, and leadership as not as one and the same. A family succession plan optimizes for different outcomes than an external sale. Getting clear on your priorities before evaluating options prevents making decisions that serve goals which don't align with your specific circumstances.

### 3. Understand the Landscape and Your Role

Family business owners have several potential transition paths: family succession, management buyouts, third-party sales, employee stock ownership plans, and other structures. Each path has distinct technical, financial, and legal considerations that are best addressed by the appropriate family business advisor who can help you evaluate options, structure transactions, and navigate the complex financial and legal dimensions.

At [Consulting Solutions](#), we partner with excellent exit planning specialists, if that is a need, to ensure our clients have access to that specialized expertise. Our firm remains focused on the leadership transition and organizational dynamics that help set the foundation for a successful strategy to transition.

The families and businesses that navigate transitions most successfully are those that address both the technical/financial aspects and the leadership/relational aspects. Neither dimension alone is sufficient. Both are extremely important.

## What's Next

Understanding the landscape and clarifying priorities is essential groundwork. But successful leadership transitions require more than strategic clarity, demanding psychological readiness and skilled navigation of the human dimensions of change.

Part 2 of this series will explore the emotional complexity of stepping back, how to communicate your transition effectively, and the organizational preparation that supports smooth leadership change. These leadership and psychological dimensions often determine whether your transition creates lasting value or leaves critical work unfinished.



## References

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