



Succession: The Ultimate Test of Leadership

Introduction: The Moment That Shapes the Future

Succession is one of the most defining milestones in the life of a family enterprise. It determines whether decades of sacrifice, resilience, and vision will continue to flourish or gradually fade. The true test of a legacy does not lie in financial results alone, but in the organisation's ability to transfer values, culture, purpose, and leadership capability from one generation to the next.

Across the world—from Ford to Toyota, from Murugappa to Godrej—the organisations that survived across generations did so because succession was treated as a discipline, not a default. Research consistently shows that most family businesses fail not because of market forces but because of breakdowns in leadership readiness, communication, and shared responsibility across generations.

What the Founders Built... and How the Next Generation Added to It

Founders create the foundation. They give the business its early identity, its ethics, its first customers, and its culture of resilience. But every generation that comes after also

adds its own chapter—through new ideas, new systems, and new ways of thinking. Even a few years of participation from the next generation contributes toward transforming processes, enhancing technology, strengthening culture, and modernising growth strategies.

The history of the Tata Group reflects this beautifully: J.R.D. Tata laid the foundation of industrial leadership, while Ratan Tata expanded the vision globally and infused modernity into the brand. Each generation honoured the previous one by adding something meaningful of its own.

The Silent Drift Toward Self- Maintenance Mode

One of the biggest risks during succession is a gradual decline in leadership energy. Teams start functioning in reactive mode instead of proactive mode. Messages requiring thought or decisions remain unanswered. Meetings are attended physically but not mentally. Planning becomes short-term, and the organisation's rhythm weakens.

This drift is seldom intentional. It happens when leaders unconsciously slip into self-maintenance instead of leadership mode. But enterprises cannot be built on maintenance—they grow only through vision, participation, ownership, and initiative. Leadership is never a title; it is always a response.

Why Modern Leadership Needs More Than Motivation

In today's digital world, emerging leaders consume vast amounts of leadership content through videos, podcasts, Instagram clips, and online discussions. While this exposure creates inspiration, inspiration alone cannot create capability. Leadership is not built on what one watches; it is built on what one practices.

Without real-world engagement, leaders may know concepts but fail to apply them. They can speak about strategy but struggle to execute it. They understand the theory of motivation but cannot energise a team. True leadership requires practical experience—handling crises, solving problems, making decisions, managing people, and executing ideas with discipline.

Mentorship and Apprenticeship: The Missing Ingredient

In previous generations, leadership was learned by being close to experienced seniors—by observing their decisions, participating in discussions, and understanding how challenges were navigated. Today's emerging leaders appreciate autonomy, but autonomy without apprenticeship becomes a barrier to mature leadership.

Multi-generational enterprises thrive only when mentorship is intentional. Learning must happen through direct exposure to decisions, structured feedback, shared vocabulary, and practical involvement. Leadership cannot be taught only through reading or listening; it must be lived.

Rekindling the Entrepreneurial Spirit

Every enterprise that stands strong today was built by someone who refused to accept limitations—someone curious, restless, opportunity-driven, and determined to create impact. This entrepreneurial fire must never fade. It must be nurtured and carried forward by every new generation.

Leaders must actively seek opportunities, observe shifts in markets, study unmet needs, listen to teams and customers, and act boldly but responsibly. Entrepreneurship is not inherited; it is cultivated through participation, experimentation, and accountability.

The Responsibility of the Next Line of Leadership

Succession is not a handover. It is a test of readiness, maturity, and intention. The next line of leadership must rise not because time has passed but because capability has been built. This readiness comes from what leaders acquire, practice, and demonstrate consistently. The KASH model—Knowledge, Attitude, Skills, Habits—defines the foundation of leadership capability.

Knowledge: What Leaders Must Learn

Leadership demands deep understanding of business fundamentals—markets, competition, pricing, financial statements, cost structures, risk management, operational processes, and organisational psychology. Leaders cannot outsource understanding. They must develop comprehensive knowledge through observation, reading, attending industry events, asking questions, and gaining hands-on exposure.

Attitude: The Core of Leadership

Attitude shapes destiny. It determines whether leaders uplift or weaken an organisation. Required attitudes include hunger to grow, ownership of decisions, openness to feedback, humility in learning, respect for people, and emotional maturity. A leader's attitude is visible in punctuality, tone, responsiveness, preparedness, and consistency.

Skills: Tools of Execution

Leadership skills include decision-making, strategic thinking, problem-solving, communication, conflict resolution, financial judgement, negotiation, project execution,

and delegation. Skills can be learned, but only through practice. A leader must continuously refine skills by taking responsibility, observing results, correcting mistakes, and embracing challenges.

Habits: Architecture of Daily Leadership

Success is built on habits—responding on time, following through, preparing before meetings, reviewing data, initiating action without being asked, maintaining discipline, and learning daily. Habits convert potential into performance. They create reliability, trust, and leadership identity.

Character and Values: The Foundation of Sustainable Leadership

No enterprise can thrive for decades without character at the centre. Values such as integrity, accountability, empathy, fairness, courage, and gratitude form the moral fabric of long-term leadership. These values influence decisions, culture, and trust. Long-term profitability is always linked to long-term character.

The Pillars of Multi-Generational Success

- Stewardship — Seeing ourselves as custodians of a dream greater than us.
- Integrity — Preserving trust, which is the true capital of any enterprise.
- Work Ethic — Demonstrating seriousness and consistency.
- Humility — Listening, adapting, and learning continuously.
- Strategic Thinking — Shaping tomorrow, not reacting to today.
- Emotional Intelligence — Managing relationships with wisdom and maturity.
- Financial Discipline — Protecting margins, cash flow, and sustainability.
- Adaptability — Innovating, evolving, and modernising.
- Courage — Taking responsible, timely decisions.
- Respect — Creating a culture where people feel valued.
- Global Mindset — Thinking progressively while remaining rooted in values.
- Continuous Learning — Growing faster than the world changes.

The Cost of Not Rising at the Right Time

When leadership readiness does not rise with time, the organisation begins to weaken quietly. Competitors accelerate while internal energies decline. Teams lose motivation

because leadership does not inspire confidence. Partners hesitate. Customers drift. The history of collapsing family businesses globally shows that failures occur not due to lack of resources but due to lack of leadership discipline.

The Beauty of Getting Succession Right

When succession is implemented with sincerity, discipline, vision, and unity, the organisation enters a golden phase of growth. Teams feel inspired. Culture strengthens. Markets respond with trust. Founders feel a deep sense of peace knowing their legacy is safe. The enterprise becomes ready not just for the next generation, but for many generations to come.

The Journey Ahead: A Shared Responsibility

Succession is a shared journey. The founders bring wisdom, discipline, and values. The successors bring energy, modern thinking, and new possibilities. When these strengths unite, the result is extraordinary. The next chapter does not merely preserve the past—it elevates it.

Let us awaken. Let us commit. Let us lead. Together.

– Prof. Arun Sehgal

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