Family Business: Rethinking Success

By Scott E. Friedman

September 14, 2026 | **ARTICLES**

More than 2,000 years ago, visitors to the Temple of Apollo at Delphi encountered a simple instruction: "Know Thyself." After more than 40 years advising family businesses and the families who own them, I have come to appreciate that this ancient wisdom – that I suggest should include "knowing your family" - remains one of the most overlooked keys to a family's success, both in business and in life. Let me explain.

Successful businesses create wealth, and wealth can provide security, freedom, and opportunity. But beyond a certain point, more money does not necessarily produce a better life. Decades of research reveal that a fulfilling life depends on purpose, meaningful work, strong relationships, and a sense of belonging—the feeling that what we do matters, even if to only one person.

That has important implications for family businesses, many of which spend enormous amounts of time and money with their professional advisors on "wealth related planning" – estate planning, retirement planning, and exit planning (whether by sale or by succession) – but spend little focused time on thinking about how those plans might be impacted by deliberate consideration of the personalities, talents, interests, and dreams of junior generation family members, including what motivates them? What kind of lives do they want to build? And what role, if any, do they want the family business to play?

Successful families in business together understand that the real challenge isn't simply preserving its wealth; much more importantly, its helping junior generations become independent and live good lives. To flourish. They do this, in part and over time (starting when children are young) by helping each generation understand for themselves who they are, what matters to them, and what they want their wealth—and their lives—to accomplish - and then support them in living those lives. In the words of President Harry Truman, “the best way to give advice to your children is to find out what they want and then advise them to do it."

In advising families as they approach their business and wealth planning, I have found encouraging them to consider the following perspectives helpful – although every family has to decide for themselves what make sense… and what doesn’t.

1. Money Is Important—but It Has Limits

Entrepreneurs generally view capital as a resource - a means of pursuing opportunity. Families can approach wealth the same way. Rather than asking only, “How much will the next generation inherit?” they might also ask, “What possibilities does our wealth create?”

Beyond the financial security that results from a successful family business, thoughtful planning can help ensure that choices might include opening doors to creating a family, pursuing education, philanthropy, or entrepreneurship. Or all of those. The freedom to make meaningful choices - including the freedom to choose a path different from the one their parents expected. Wealth is better considered as a resource, not as a destination.

Families that ignore the limitations of wealth can unintentionally risk creating next generation family members who learn to be dependent on wealth. And that dependency can result in lack of motivation, low self-esteem and, sometimes, risky behavior.

2. Assumptions Can be Dangerous

Without taking the time to know themselves, families can make unproductive, unfair, and hurtful assumptions. For example, parents might assume that their children want to join the business while their children might assume they will disappoint their parents if they choose another path. Siblings might make unfair assumptions about one another's ambitions, abilities, or why (depending on perspectives) some members may appear to be favored or penalized.

Many family-business conflicts aren't caused by bad intentions. They are caused by assumptions that were never tested. Over time, inaccurate assumptions can create resentment and anger.

The strongest family enterprises create opportunities for honest discussions about career aspirations, personal goals, concerns, fears, and family expectations.
That begins with self-awareness. Helping individuals think through what are they good at? What motivates them? What kind of work gives them energy? What kind of life do they want? And, of course, do they really want to work in the family business, or contribute in another way?

Successful families take the time to consider these questions and make decisions based on what they learn from the answers. While some members of junior generations may be interested in joining the family's business, and capable of contributing at one level or another, successful families do not insist that every child become a CEO - or even join the business. One child may become an outstanding executive, another an entrepreneur, and another a thoughtful owner, director, investor, philanthropist, or family leader.

3. Success also requires the Opportunity to Fail

Entrepreneurs understand that making decisions and living with their consequences teaches powerful lessons. Success builds confidence; failure builds judgment and resilience. Experiencing failure can be invaluable for any child. Families with wealth can be prone to protecting family members not only from catastrophic failure but from every setback or failure. The first may be good parenting. The second can prevent people from developing resilience and self-confidence.

The objective, of course, is not to manufacture hardship. It is to give the next generation opportunities to make decisions, face reasonable consequences, learn from mistakes, and develop the judgment needed to steward significant responsibilities. In practice, this might mean that family members should not automatically receive jobs, titles, or leadership positions simply because of their last name. Successors need more than technical skills. They need judgment, accountability, interpersonal competence, and the humility necessary to earn trust. And those qualities come as much from experiencing failures as they do from success.

4. Families and Businesses Don't Always Play by the Same Rules

Family businesses combine two systems that – sometimes - operate by different rules. Family values tend to emphasize loyalty, support, and enduring relationships. Businesses, on the other hand, tend to place greater emphasis on competence, accountability, and performance. Conflicts can arise when families lose sight of the difference. For example, compensation may be determined by considering traditional business factors but, without thoughtful planning, may result in a family member feeling disrespected, overlooked, or even unloved. Not appreciating which decisions are most appropriately made by the business, and which are most appropriately made by the family, can lead to disagreements that can fester and turn into conflict.

Families are well served by taking the time to meet, on a regular basis and follow a thoughtful agenda – one that not only addresses problems but also takes time to explore possibilities. An agenda that develops shared values, clear policies, and appropriate governance structures – and then respects them until they might become outdated.

It is also worth noting that it is easy to agree on certain values, such as the importance of hard work, integrity, generosity, and service. The harder question is whether those values guide decisions when they conflict with convenience, family politics, or financial interests.
Values are meaningful only when they are lived.

5. Success is Not Final.

Winston Churchill once observed that "success is not final; failure is not fatal: it is the courage to continue that counts." His observation has as much relevance today as ever. Successful families in business that become complacent by their success risk becoming obsolete. With the acceleration of artificial intelligence, robotics and other technologies, that risk is becoming greater every day.

One of the greatest threats to successful family businesses results from the failure to appreciate – and plan for – the implications of a fast changing world. Assuming that what worked before will keep working is rarely works. Markets evolve. Technology changes. Customer expectations shift. New competitors emerge.

This also has implications for capital. Most family enterprises carefully manage operating risk. Far fewer intentionally manage innovation risk. Venture capital investors understand that not every investment succeeds; the objective is disciplined experimentation, learning, and identifying opportunities that can create future value. Family businesses can adopt a similar mindset without being reckless. A modest portion of family capital might support new ventures, pilot projects, emerging technologies, or ideas.

One of the greatest risks that face family enterprises is not failure. It is failing to build safeguards to prevent inertia. And developing plans to engage the next generation in "future planning" can often be critical to a family's multi-generational success. The strongest family enterprises encourage independent thinking. They welcome questions, challenge assumptions, and give rising generations permission to think differently. Often, it is how a family's legacy survives.

Wealth is easily Misunderstood

Most discussions on wealth focus exclusively on numbers: What is the business worth? What will the portfolio be worth in ten years? What will the next generation inherit? Those are reasonable questions. But they should not be the only ones.

Are our children happy? Do they have meaningful relationships? Do they feel useful? Do they have a sense of purpose? Do family members enjoy being together? Are we using our resources to improve other people's lives? Do we have enough freedom to spend time on what matters? These questions can't be put in a spreadsheet. They may also be more important. The purpose of wealth is to enable the best life possible. A family can transfer millions of dollars across generations and still "fail" if those who inherit lack purpose, meaningful relationships, or a reason to get up in the morning. Conversely, a family can lose a business and still preserve something far more valuable: its relationships, values, resilience, character, and ability to build meaningful lives together. That may be the better definition of legacy: not merely what we leave behind, but what we leave within the people who come after us.

There is no shortage of new approaches to family business planning but their success in practice may be dependent of incorporating the ancient advice to "know thyself."