

# Succession Planning in Family Business

## Multigenerational Boards that Work

**First Family Business Roundtable Series**

January 29, 2026



# FAMILY BUSINESS SUCCESSION



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# 1. Executive Summary

Family businesses are the bedrock of global economy – and Pakistan's economy. Yet few survive to the third generation. Continuity of wealth, purpose and values are key challenges. Leadership transition is not a single event, but the ultimate test of a family's stewardship.

In response, BSG Leadership and PICG convened a roundtable for a select group of family principals on January 29, 2026. Our report synthesizes insights from:

- Family principal's roundtable live dialogue
- Our anonymized pre-roundtable diagnostic survey
- G.local research and best practices

only **10%**

**small family  
businesses  
survive  
beyond 3rd  
generation**

Source: Family Business Council Group

Our central finding: Profound tension between **intent** and **structure**. Roundtable leaders openly discussed their commitment to fairness, family unity, faith-based inheritance laws and smooth transitions – and the trials and successes they navigate.

Leaders appreciated that intent is often unsupported by governance needed for complex growth and generational change. Enterprises continue with founder-centric decision-making and undocumented processes. Governance gaps create pressure points. As families expand, informal agreements become fragile, conflict risks rise, and next-generation development can be delayed. The live dialogue highlighted: The **greatest threat to legacy** is not market volatility, but ambiguity and internal discord.

A stark choice for Pakistan's family enterprises: Continue an informal path and risk a contentious inheritance; or institutionalize governance, justice, harmony for an enterprise that lives for several generations after the founder.

**Personality-led dynasty or Purpose-led legacy?** This report provides a practical roadmap for the latter. Frameworks diagnose risks and offer five recommendations to bridge intent and institutional sustainability.

only **34%**

**of family businesses have a robust,  
documented, and communicated  
succession plan**

PwC Global Family  
Business Survey 2023

## 2. Succession Imperative: Context & Methodology

# 80%

employment in  
Pakistan is  
generated by  
family-owned  
businesses

Journal of Family Business Management, 2025

Engines of economies worldwide: 70% global GDP is contributed by family business (McKinsey). In Pakistan, they generate 80% of employment; making endurance a matter of national stability.

As enterprises mature, challenges evolve from market growth to institutional continuity. Leader transitions, wealth distribution, new-gen integration – strain systems built on the founder's vision. Succession is not a future event; but a today-test of clarity and stewardship.

### PICG x BSG Board Leadership Methodology

To support this evolution, BSG Leadership and PICG convened the first roundtable in a **Family Business Quarterly Aeries** from diverse industries for a facilitated dialogue grounded in three components of lived experience:

1. **Family Principals Live Dialogue:** The roundtable facilitated by Naveen Balkhi, SSGB, ProSci; created the trust needed for such a forum to meaningfully share challenges, failfasts and successes on topics oft-confined behind family doors.
2. **Pre-Roundtable Diagnostic Survey:** Invited Principals candidly completed a survey to map their enterprise's current state of governance and succession readiness. Aggregated, anonymized results provide a shared factual baseline.
3. **G.local Benchmarks & Frameworks:** Practice-proven models and global data situated family principals' challenges within a broader context.

Silver bullet? This report is not about a single solution. It reflects patterns, strategic choices, and collective wisdom articulated by the family principals themselves. It is a reference for any leader considering how to build an architecture of legacy that honors tradition while deliberately preparing for the future.

## 3. Key Findings from the Roundtable

These themes reflect sensitive topics identified by family leaders through pre-roundtable survey reflections and live dialogue. They are anonymized to capture collective learning, not to attribute gaps or shortcomings to any individual enterprise.

Family principals transparently shared that the will to preserve legacy is strong, but structural foundations are often underdeveloped. Four themes prevailed in the survey and dialogues.

### 3.1 First: Family Harmony

Leaders emphasized the true balance sheet: Relational Capital. Not financial capital. The greatest fear is not business failure, but erosion of trust, perceived injustice, and family emotional ruptures.

Our survey asked: What most requires protection to ensure family legacy? **50%** of participants chose **Family Harmony and Unity**. They gave an equal priority to **Long-term Enterprise Performance**. Unity is a sign of mature stewardship, and explains why difficult succession conversations are often delayed. Desire to avoid conflict today can create conditions for greater conflict tomorrow.

### 3.2 Limits of Founder-Centric Governance

First-generation enterprises, still thrive on founder-centric models where authority is concentrated, processes are informal, and decisions are patriarch driven (women founders are rarer globally and in Pakistan). This provides agility and stability at early stages.

The dialogue and survey showed this under strain. In **50% of businesses, strategic decisions** are centered with the **Family Head**: Creating bottlenecks, slower next-gen development, more vulnerable entities, sudden leadership vacuums. One principal noted: *"When everything depends on one person, it's not a legacy; it's a countdown."*

The **third-generation inflection point** is where complexity multiplies, and marks the breaking point for informal systems.

**70%**  
of family  
businesses  
globally have  
no documented  
succession  
plan

Source: McKinsey & Company

### 3.3 Governance Gap: Intent and Structure

It's on the radar: But intent to transition rarely translates to a formal approach. This *governance gap* is the single biggest source of systemic risk.

- **Lack of Documented Succession:** In line with global data, most roundtable leaders acknowledged their plans were informal. Reliance on verbal agreements is fragile and susceptible to memory drift and re-interpretation, especially during a crisis.

- **Underdeveloped Governance:** Survey highlights the structural void. Only **17% of participants** reported having a documented **Family Constitution** or Charter. Only 8% had shareholder agreements.
- **Conflict Resolution:** While **50% of firms** have a **Family Council**, conflict-resolution is not developed. This leaves families dependent on senior mediation which is less effective when the family grows (cousin consortiums). Without *rules of the game*; ownership, leadership eligibility, and conflict become ambiguous and potential paralysis for the business.

only **15%**  
of family  
businesses  
globally have  
formal conflict-  
resolution  
mechanisms in  
place  
Source: PwC

### 3.4 Untapped: Daughters, Professionals, and Faith

Family Principals mentioned significant, often underleveraged, opportunities for strengthening the enterprise.

- **Role of Daughters:** Family leaders noted the evolving and influential role of daughters: Informal advisors, mediators, and custodians of family values. However, these contributions are rarely formalized. The conversation highlighted a clear opportunity to move daughters from "invisible

successors" to entrusted leaders, to tap 100% of the family's talent pool.

- **Professional Management:** Delegating day-to-day operations to merit-based professional managers was identified as a powerful force multiplier. It allows family leaders to elevate their focus from management to strategic stewardship, governance, and long-term value creation.
- **Shariah as Governance:** Leaders surfaced faith-based principles as solid foundations for justice in ownership and inheritance. Leaders discussed its value in clear, culturally resonant foundations for a Family Constitution and untapped governance potential. Regulatory signals were discussed, including SECP's Shariah-compliant phased-incentivization of PSX, as an indicator of longer-term values-based shifts in the business landscape.

All four themes show that succession is 'on the agenda.' Conversations happen, successors are being considered, and transitions are contemplated in context of family dynamics and business realities.

The **opportunity?** Formal articulation of these intentions. Family businesses rely on trust, mutual understanding, and founder-led guidance. These strengths serve enterprises well. Leaders agreed that frameworks and phased-authority transfers reduce ambiguity and provide reassurance to all stakeholders.

This is less about correcting course and more about building resilience as families grow in size and complexity.

## 4. Strategic Frameworks Introduced

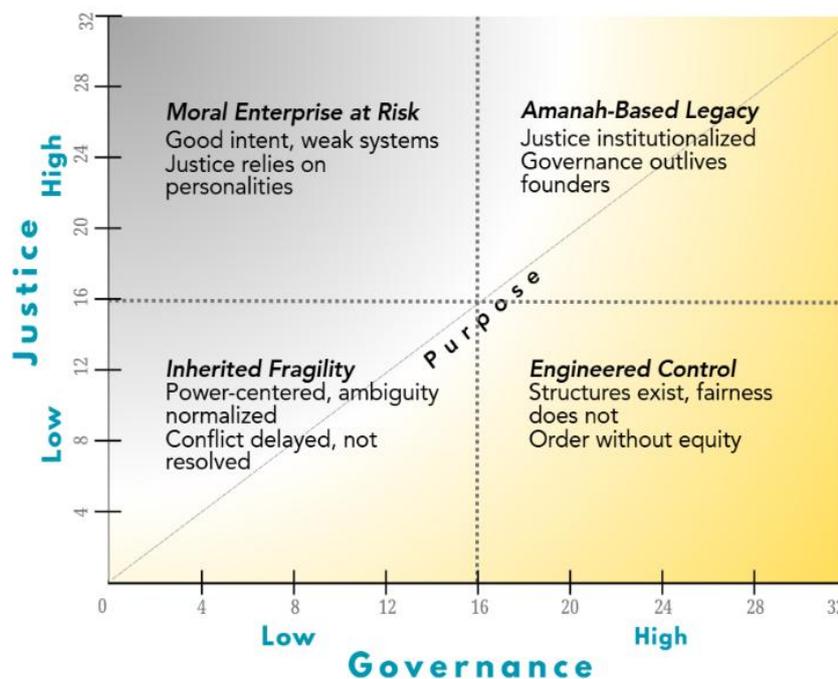
BSG wove-in structured frameworks to translate experience and concern into actionable clarity. These are practical tools tested across global family enterprises and adapted to local realities.

**#1 Existential Risk:**  
Leadership transition

### 4.1A The Succession Justice-Governance Matrix

Our 2x2 matrix allows family leaders to situate their enterprise on: **Justice (informal, values-based intent to be fair)** and **Governance (formal structures and rules)**. This allows family principals to distinguish between *intent* and *institutional endurance*, a distinction leaders noted they had not previously articulated as clearly:

- Most family businesses clustered at **Moral Enterprise at Risk**: *High-Intent, Low-Formalization* zone - characterized by reliance on the founder's personal authority to ensure fairness. While noble, it is not sustainable. The goal is to migrate to the "**Amanah-Based Legacy**" quadrant, where good intent is institutionalized through robust governance, ensuring justice outlives the founder
- Justice was frequently described as values-driven and personality-led
- Governance strength varied significantly by scale, with smaller and mid-sized enterprises carrying higher transition



Source: BSG-inspired with 21 years of Board Advisory data and experience

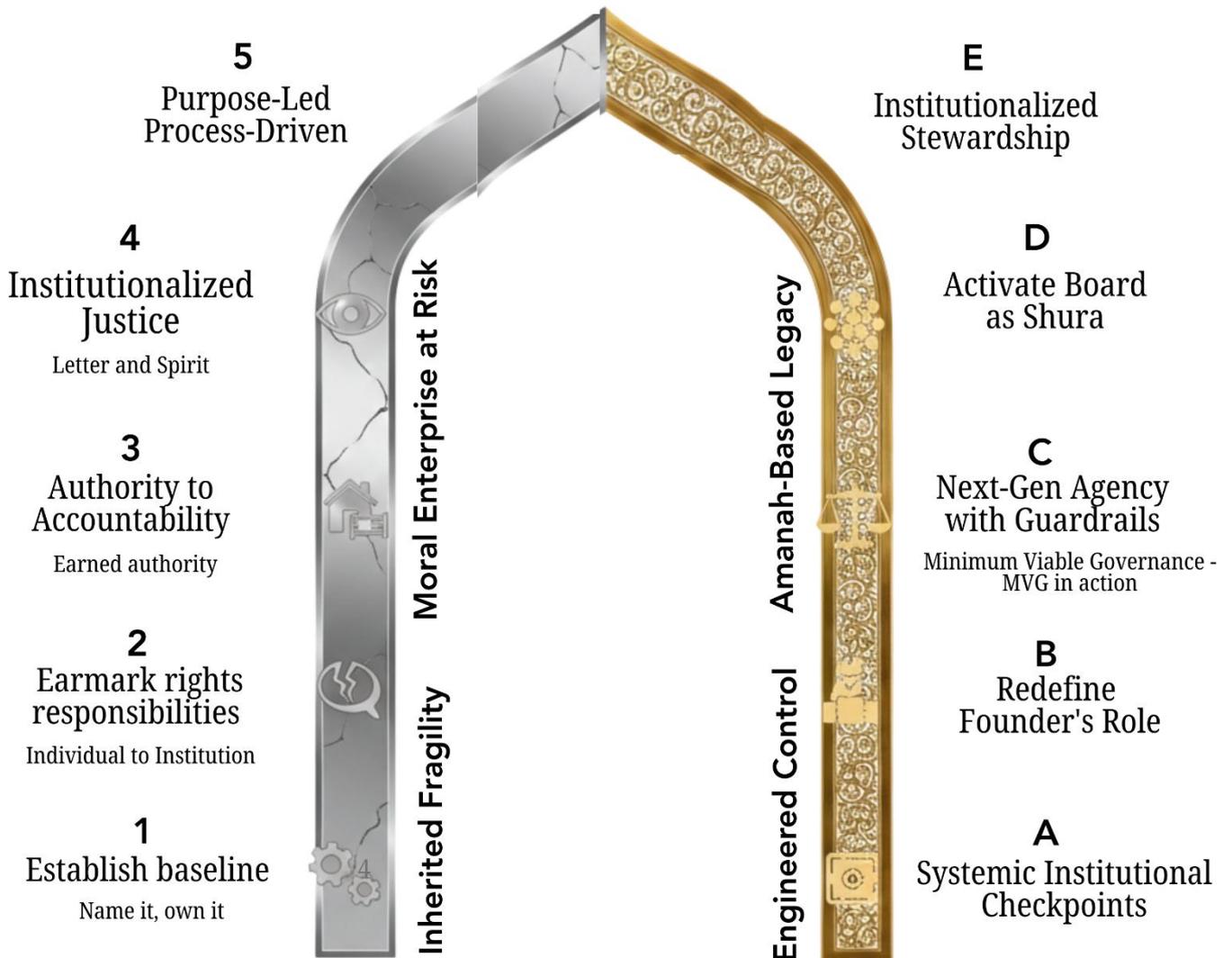
## 4.1B After the Matrix: *Succession Justice-Governance Map*

# Multigenerational محراب of Succession Planning

## From Fragility to Amanah-based stewardship

Welcome to a practical framework on how succession is viewed, applied and evolves. Once your enterprise is plotted on BSG's 2x2 *Succession Justice-Governance Matrix*, use the Mehrab-Roadmap below for next steps: A quietly powerful map to Amanah-based institutionalized Legacy

- Early steps (1-5) establish clarity, accountability
- Later steps (A-E) institutionalize leadership beyond individuals, into transparent systems



Source: BSG-inspired with 21 years of Board Advisory data and experience

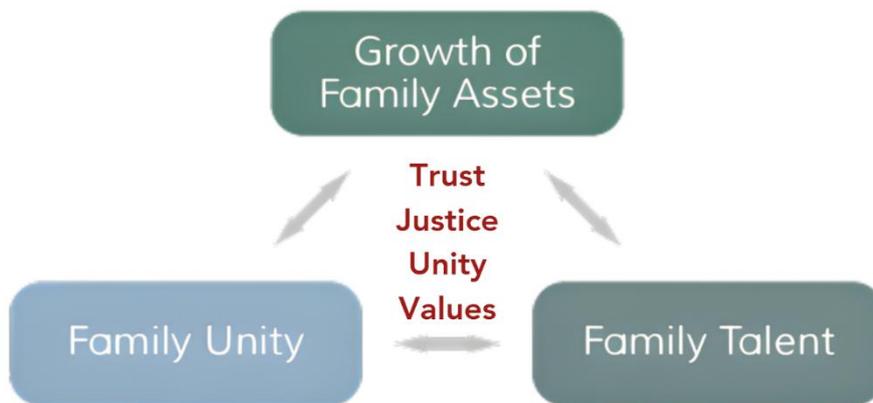
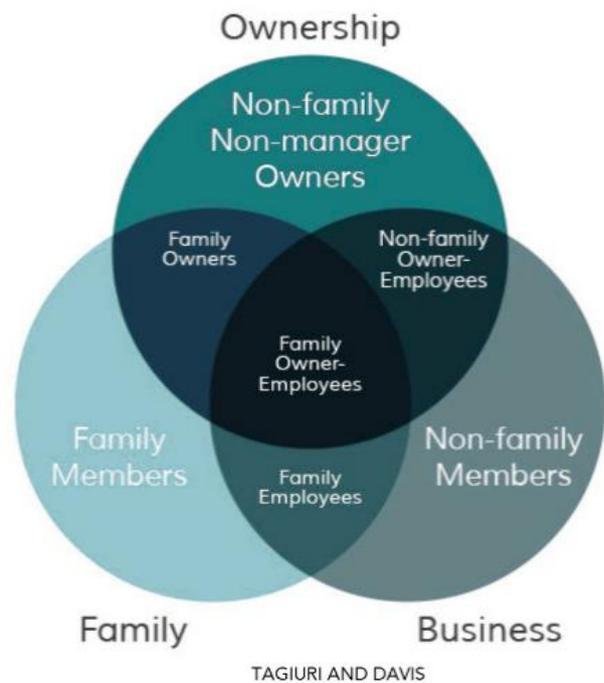
## 4.2 The Three-Circle Framework

Harvard’s framework (Tagiuri & Davis) maps the overlapping systems of **Family, Ownership, and Business**. It clarifies complex roles and interests to identify sources of friction. For example, when a family relationship (parent-child) conflicts with a business relationship (CEO-subordinate), or when ownership expectations clash with management performance. By mapping Family, Ownership, and Business, BSG highlighted where friction predictably emerges when roles remain blended.

Our survey data reinforced that:

- **75% of family members** are in **Active Executive Management**, highlighting a significant overlap
- Clear separation between ownership oversight and day-to-day operations remains limited. The first step to managing this complexity is making the roles explicit.

Leaders appreciated how the framework helps normalize the nuances while illustrating why complexity increases exponentially by the third generation.



**3 ingredients for the long-term survival and success of family enterprises**

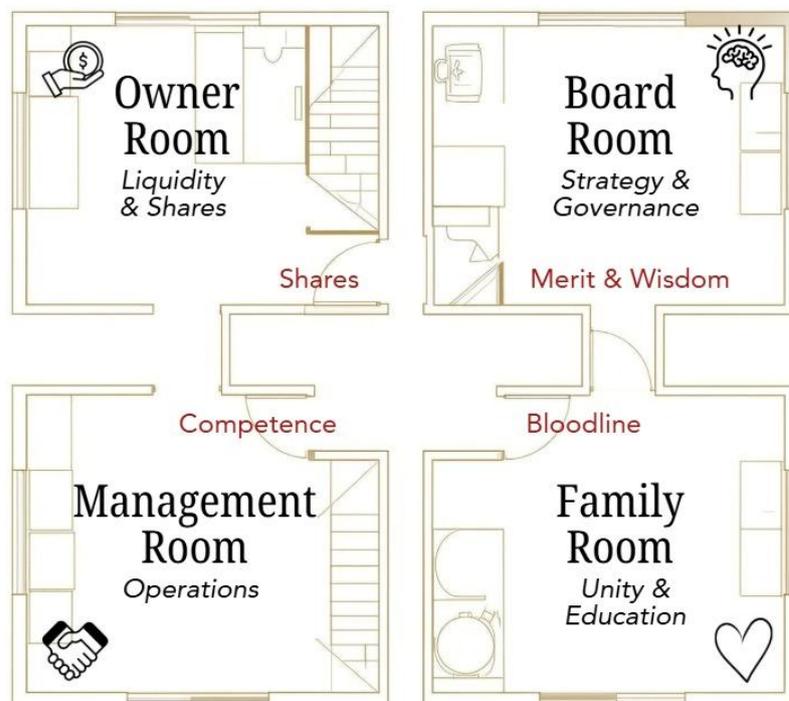
Tagiuri & Davis Model G. locally Adapted by BSG Leadership

### 4.3 The Four-Room Model

This powerful blueprint for governance assigns different conversations to different *rooms*. It translates abstract governance principles into lived behavior.

- **The Family Room (Heart):**  
For conversations about values, unity, and education. Governed by **Bloodline**
- **The Board Room (Head):**  
Conversations about strategy, risk, and ROI. Governed by **Wisdom & Merit**
- **The Management Room (Hands):**  
Conversations about operations and execution. Governed by **Competence**
- **The Owner Room (Shares):**  
For conversations about liquidity and **shareholder returns**

Family business leaders responded strongly to this model, particularly the insight that many boardroom tensions originate from family-room expectations. The model provided a shared language to discuss boundaries without personalizing disagreement. It clarifies that a boardroom issue (e.g., poor performance of a division) should not be debated with family-room emotions, and a family-room concern (e.g., a child's career path) should not dictate a boardroom decision.



Source: HBR *Four Rooms*, Baron & Lachenauer

## 5. Strategic Recommendations

Bridging **informal intent** and **institutional sustainability** requires deliberate action. Based on roundtable insights and g.local practices, 5 strategic imperatives emerge:

### 5.1 Codify the Rules: Draft a Family Constitution

Verbal Agreement = Future Conflict Recipe. A Family Constitution institutionalizes the family's values and provides a clear framework for decision-making.

**Action:** Convene Family Council to draft formal Constitution beyond inheritance:

- **Entry Criteria:** *Outside-In Rule* requiring minimum education and years of external professional experience before joining the family business
- **Exit Strategies:** Pre-defined buy-sell agreements to allow family members to exit with dignity, preventing *hostage shareholder* scenarios
- **Code of Conduct:** Family's shared values and expectations for the business

### 5.2 Formalize the Four Rooms of Governance

Create clear boundaries between family, board, management, and ownership forums to reduce friction and improve decision quality.

**Action:**

- Board of Directors with **Independent Voices:** Non-family professional *Strategic Advisors* for critique, lender-credibility, and inter-generational mediation
- **Empower Professional Management:** Op led by merit-based professionals (family or not), **freeing the family** for high-level stewardship.

90%  
of family wealth  
dissipates  
by the 3<sup>rd</sup> Gen

Roy Williams & Vic Preisser

### 5.3 Holistic Leadership Pipeline: From Birthright to Merit

Build (not assume) readiness. Replace ambiguity with development. Waiting is not a career path. **Action:**

- **Decouple Leadership from Birth Order:** Assign roles based on competence, not seniority
- Create Formal **Daughter's Pathway:** Actively move daughters from informal roles to entrusted leadership with access to mentors, sponsors, and authority
- Leverage **External Mentorship:** Pair next-gen with Independent Directors or mentors to earn respect of workforce. **33%** cited this as a readiness **catalyst for**

### 5.4 Institutionalize Conflict Resolution

With 15% of family business with dispute resolution, one argument can be a crisis.

**Action:** Designate a formal Mediation Committee within the Family Council.

- Clear Rules of Engagement for sensitivities (capital allocation, public conduct)
- Standardized process for disputes before escalates to Board or public domain

## 5.5 Practical & Strategic Capital Stewardship

As some family leaders mentioned, view wealth not just as a personal possession, but as a trust (*Amanah*) to be stewarded for multi-generational and societal impact.

### Action:

- Distinguish **Operating Capital from Family Wealth**: Consider establishing a Family Office to manage diversification and allow the next generation to explore new ventures, without risking the core business
- **Formalize Social Contracts**: If not already formalized, allocate a percentage of annual dividends to philanthropy or community development. This reinforces the family's legacy and provides a shared purpose beyond profit

A dynasty protects power.  
A legacy protects purpose.

## Conclusion

Evolving from founder-centric to governed-legacy, the roundtable concluded on a powerful reflection:

**“A founder’s greatest legacy is not the size of the empire they built,  
but the lack of distress their exit causes”**

The primary risk to Pakistan's family enterprises is not external, but internal: Declining trust, ambiguous authority, and Founder's Shadow can prevent the next-gen from taking flight. Enterprises are undergoing fundamental shifts.

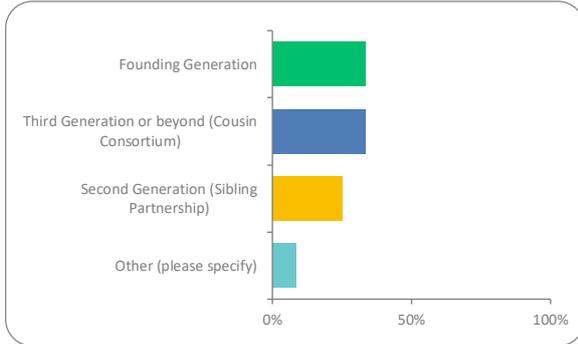
The choice is to move from a Dynasty, which protects power, to a Legacy, which protects purpose: From **personality-dependent** to **Architectural Governance**. It is a deliberate, structured choice to build an institution that outlives the founder.

By documenting the unwritten, empowering the invisible talent, and inviting independent wisdom, Pakistan's family enterprises will not just survive the third generation - but will set a new standard of excellence much needed by the nation. In a world of constant change, a family business foundation built on clear values and flexible structures is a trusted path to lasting legacy.

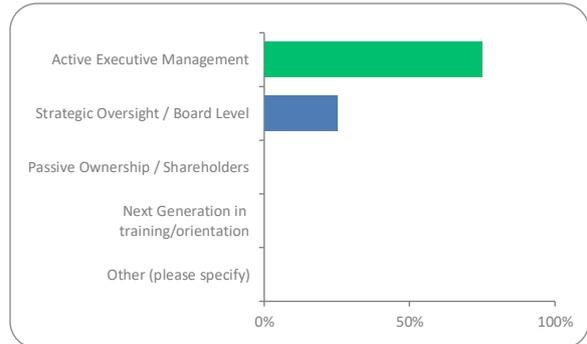
## 6. Pre-Roundtable Survey Results

**Purpose:** This reflection captures the **nuanced dynamics of multi-generational** Pakistani enterprises. Insights are anonymized and presented in aggregate to facilitate a high-level peer dialogue on institutionalizing family legacies.

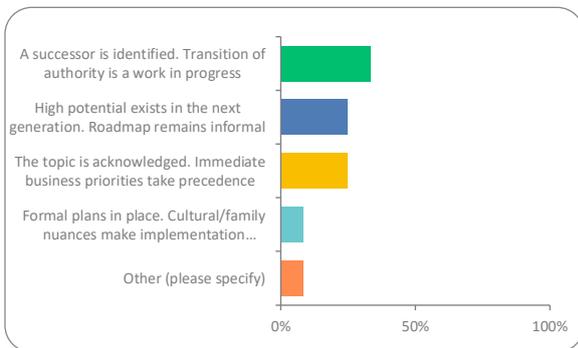
### 1. Current Stewardship Stage:



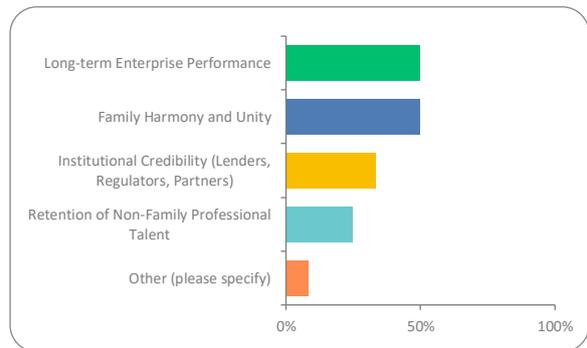
### 2. Family Role Distribution:



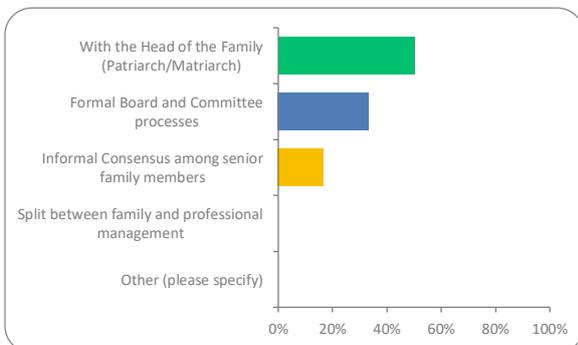
### 3. Which statement best describes the current transition climate?



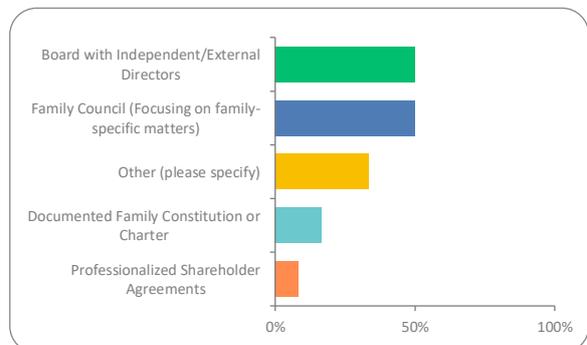
### 4. To ensure the enduring legacy of the family name, what requires the most protection?



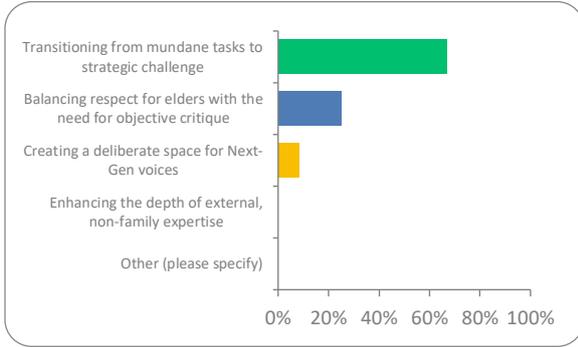
### 5. Where is the Center of Gravity for strategic decisions today?



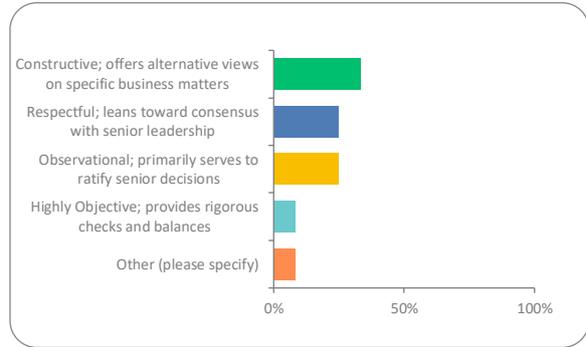
### 6. Current Governance Maturity (Select all that apply):



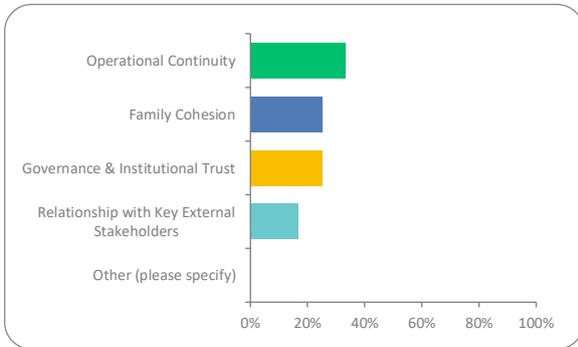
7. The Board's primary opportunity for growth is:



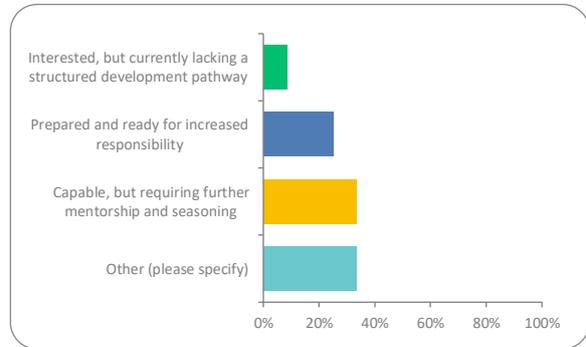
8. Board's ability for Independent Counsel to family leadership?



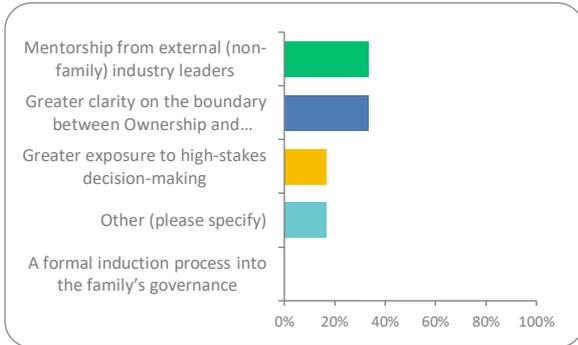
9. If leadership changes suddenly: What requires the most support?



10. The Next Generation is best described as:



11. In your view, what is the primary catalyst needed for Next-Gen readiness?



**Succession done well is not loss of power. It is the multiplication of trust and lasting value**

## About PICG



The Pakistan Institute of Corporate Governance (PICG) is the country's premier institution set up in 2004 as a not-for-profit company committed to the cause of promoting good corporate governance practices in the country.

We are actively engaged in providing capacity building and policy advocacy through our various director and executive development programs, advisory services, and research activities.

With the governance lens constantly evolving and expanding, PICG also works to promote a conducive environment for stakeholders and provides a platform to exchange opinions, knowledge, and information on corporate governance issues.

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## About BSG Leadership



**BSG: 21 years, g.local in 17 countries, transformative impact with 175+ orgs**

Board, leadership and transformation advisory, training, executive coaching firm

We partner with leaders in 200+ cities to build governance; resilience; succession-ready cultures for companies, nonprofits, ministries, family offices, youth, academia: eg Chevron, OMV, IFC, Engro, Progressive Group, National Foods, Indus Hospital, The Lyceum, UEP, Tapal, Dalda, Kiran Foundation, Meezan Bank, Coca-Cola

We have contributed to GCC governments (Mubadala, ADEK Abu Dhabi Education Ministry, Ashghal in Qatar). 525+ thought-leadership articles globally published, winning awards from CNN, Forbes, Newsweek, leading academic journals

Our Directors serve on diverse boards & executive faculty at NYU Abu Dhabi, University of Calgary. Our *Youth Legacy.Matters* programs create future presidents

We serve across five integrated verticals: i) Board Advisory & Assessment, ii) Women's & Youth Leadership & Development, iii) Sustainability, ESG, CSR iv) Leadership, Executive Coaching & Change and v) Healing for Transformation

We solutioneer to solve your g.local challenges.

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### First Roundtable Venue:

**PICG Offices, Karachi**

### Family Business Roundtable

### Series Co-Hosted By:

**PICG & BSG Leadership**

### Family Business Succession & Multigenerational Boards

### Report Authored By:

**BSG Leadership**

#### Reference Materials & Secondary Research

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- Succession Justice - Governance Matrix – *BSG Leadership*
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