

Family-owned businesses

CEE perspectives

PART 5 | THE LEADERSHIP ADVISOR



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Leaders For What's Next



Foreword

By Milos Djurkovic
Managing Partner, Amrop Serbia

Family-owned businesses (FOBs) stand as some of the most enduring and human stories in the corporate world. These enterprises embody legacy, identity, and the powerful intertwining of personal and professional lives. Yet, it is precisely this deeply rooted human dimension that makes leadership in family-owned firms both an extraordinary privilege and an extraordinary challenge.

At pivotal moments — generational transitions, rapid growth, global expansion, or shifts in governance — these businesses face forks in the road that require careful navigation.

It is here that the leadership advisor plays a defining role: a trusted partner capable of understanding not just the technical aspects of governance and succession but also the emotional, cultural, and often invisible threads that bind the family to the business.

The right advisor brings more than expertise; they bring empathy, courage, and a long-term commitment to the family's values and vision. They must have the bravery to speak hard truths when necessary and the sensitivity to respect the unique dynamics of each family.

They must be passionate advocates for the enduring success of the family enterprise — guiding it with integrity and care through complexity and change.

This article is the culmination of deep conversations with seasoned advisors who have stood beside families across the globe. It unveils not just the qualities that define exceptional advisors — such as context literacy, constructive confrontation, and a passion for continuous learning — but also the subtle art of earning and keeping trust in an environment where relationships outweigh transactions.

As you read, you will discover a blueprint for how leadership advisors can help family-owned businesses thrive in times of transition and transformation. You will also see a broader lesson: that true leadership advisory is a human craft. It is grounded in purpose, driven by curiosity, and sustained by an unwavering commitment to the long-term prosperity of both the business and the family behind it.

Ultimately, this is a story about leadership as stewardship — a reminder that in the delicate balance between continuity and change lies the future of the family legacy.



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Family-owned businesses share a common need: future-fit leadership. But during a firm's lifecycle, owners will meet multiple forks in the road.¹ It is at these times that the need for objective wisdom becomes pressing. From advice on the leadership implications of succession, finance and ownership changes, to business transformations, growth and governance shifts.

In this article we identify 6 characteristics that family-owned businesses should seek in a leadership advisor. We shine a light into 4 pitfalls that can undermine a leadership hire — and what family-owned businesses can do about them.

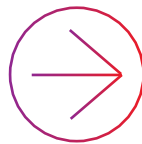


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This series is based on conversations with senior Amrop Partners around the world. Professionals who have cultivated deep and trusting relationships with owners and successors.



UNDER THE SKIN

Academic and business publications exploring the FOB arena reveal a palette of common factors: from the emotional complexities of succession planning to indistinct boundaries between family and business. Amrop seeks to provide wider and deeper insights: how key factors play out in the leadership domain and what to do about them.

SCOPING THE TERRAIN

Our investigation concerns growing and globalizing mid-sized FOBs (with a turnover in developed markets of minimum \$1-10 billion, and in emerging markets of \$250 million to \$2 billion). Founders or descendants hold significant share capital and/or voting rights.²

A 5-PART SERIES

In Part 1 of our series we explored the lifecycle of the FOB. In Part 2, we uncovered distinctive cultural facets. In Part 3, we entered the world of executive search, progressing in Part 4 to advice for leaders joining FOBs. We now conclude in Part 5 with a blueprint for family-owned businesses to bring out the best in their governance and talent advisors.



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The FOB leadership advisor | 6 keys to human performance

1

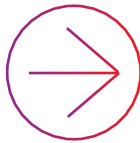
Engage the next generation



Engage, develop & provide space for successors to prepare them for ownership and management roles.

2

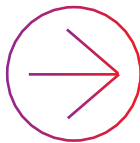
Secure succession



Design & implement a process for generational transition: anticipate ownership & management issues, assess willingness & capabilities of next gen, enable exits.

3

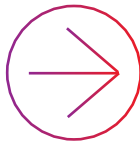
Clarify roles & governance



Engineer the optimal corporate & family governance mix, structures & decision-making processes to assure alignment, clarify zones where owners have control.

4

Professionalize the board



Achieve a collaborative working culture, setting appointment criteria for owner-representatives, non-family executives and independent directors.

5

Manage differences



Identify risks of conflicts, anticipate challenges & create an environment to prevent them.

6

Integrate external talent



Attract, evaluate, hire & onboard C-suite executives & independent directors from the external talent pool.



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Comment

Matej Mrak
Partner | Amrop Slovenia



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Owning a family-owned business is a life decision and a long-term commitment, especially when it involves the second or third generation. It carries both personal and social responsibility. Anyone advising such an enterprise must be aware of its unique sensitivities.

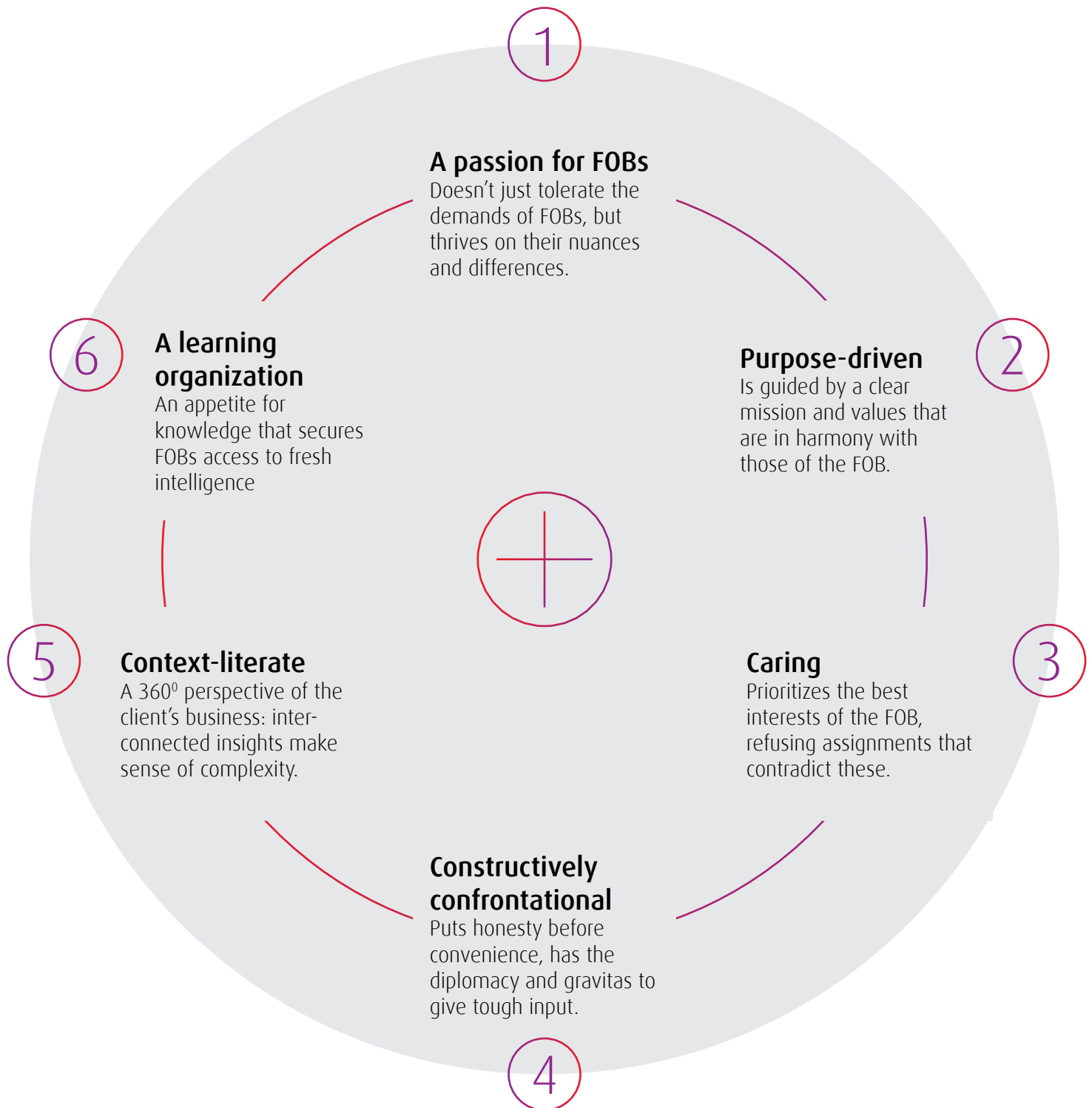
It's like managing your own money: if you treat it with care and respect, you'll be rewarded, and you'll write your own story along the way. For those who want to leave a lasting mark on their work, a family-owned business is a true challenge—one that demands the right character and dedication.”



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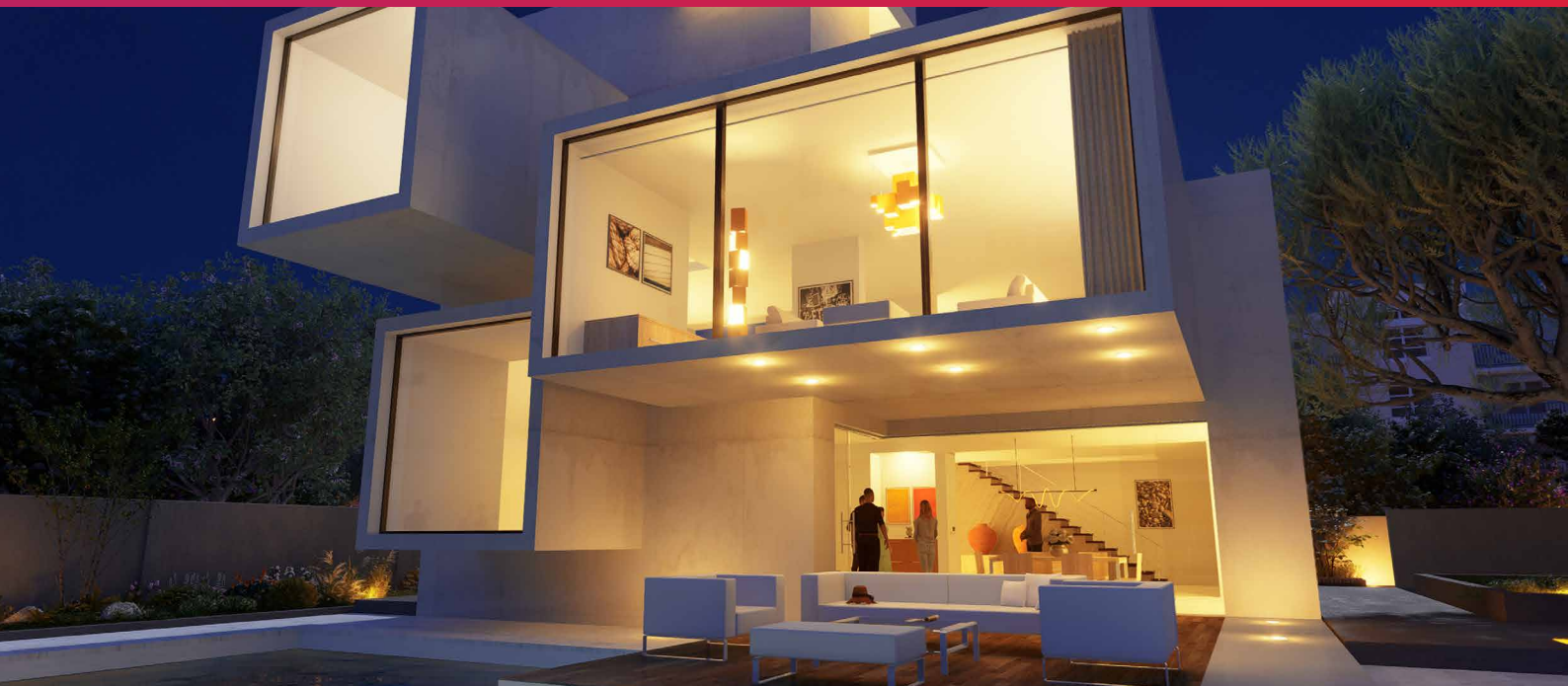
The FOB leadership advisor | 6 essentials





Comment

Magda Clipaciuc
Partner | Amrop Romania



“

Working with family-owned businesses has taught me that trust is everything. What sets this work apart is the emotional depth behind every decision.

This is not just a matter of filling roles, but understanding values, dynamics and unspoken expectations. These are the factors that shape a business from the inside-out.

I challenge gently, speak honestly, and care — even if it means turning down an assignment. Because, when you work with a family, you don't only advise them, you become part of their story.”



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The leadership advisor

The family has decided to seek leadership counsel. But from whom? Fortunately, there's no lack of suitors. Thanks to a 100-year history and low entry barriers, the board, leadership and talent advisory market is a densely populated space. From start-ups to established boutique firms, from networks and partnerships to integrated global players, FOBs are spoilt for choice. Unsurprisingly, many seek the recommendations of their trusted entourage before handing an entry pass to an outsider. But engaging that advisor is only the start. In this article, we draw on the experiences and advice of senior Amrop partners around the world to deliver a framework that will set up the relationship for success.

Our interviews revealed that an FOB's culture is deeply woven into the way the family-advisor relationship is forged and maintained. Whilst each family-owned business is culturally unique, we have identified seven over-arching facets of 'the way we do things around here.'³ Today it's generally accepted that business culture is a hard make or break factor rather than a soft nice-to-have. But in a family-owned enterprise, its presence is particularly strong. We'll see why shared culture and values must underpin the relationship between an advisor and an FOB.

The active reference

One cultural facet deeply influences any search for an external advisor, and this is 'Tight-knit Discretion'. "It's all about referencing," says this Amrop Partner. "My family clients mostly come from recommendations or because I know the owner. It's rarely a pitch, more a highly discrete process. They are far more careful about whom they trust. They may talk to another family and ask, 'who would you recommend?' It's a family-to-family dialogue."

References have power and reach. An Amrop Partner in Asia was recommended by the CEO of a venerable German FOB. "We worked very hard to earn ourselves into this situation." A family may also consult other trusted advisors. But this may mean a longer journey for all sides, says another Amrop Partner. "It takes a while to earn their confidence as it's an advisor recommending an advisor. If it's a family friend, an employee, or somebody they have implicitly trusted for years, then it's a different, and shorter, inroad."

This is a tale of networks. And these are nourished less by data, pitches, KPIs and scorecards than by human connectivity and chemistry. One Amrop Partner compares this to a doctor-patient relationship. Suitors need natural patience: a family will take its time to determine whether its potential advisor shares its values. And this testing equally applies to checking the fit after a leadership hire. "And that takes effort and dialogue," says this Amrop Partner. But once trust is assigned, loyalty is high. "They don't want to change advisors."



They take their time and look at the issue from all angles. So these can be quite intense projects. But they typically know what they want. They will not compromise. Quite often, expectations are exceptionally high."

Amrop Partner

Any executive search consultant must be a client ambassador. But for an FOB, s/he must skilfully convey the subtleties of the family culture, dynamics and challenges to candidates, and reassure owners about competing with big brands: "I tell them that we understand the nuances of working for companies such as theirs. We can articulate the role proposition very well," says one Amrop Partner. But there's a proviso. If family businesses tend to refer to their inner circle when seeking new partners, it is at the very moment where fresh thinking is required. Discernment is needed.



6 ESSENTIALS FOR THE FOB ADVISOR

Leadership advisors seeking a seat at the family table must expect an atypical entry process. They will also need a distinctive palette of qualities. Of course, these may not only apply to an FOB advisor. What makes these qualities special in this context are their underlying reasons, and how they color the relationship. An Amrop Partner recalls a recent CEO search for a family office. "It was a newly established role. The family is nine generations' nobility. And the assignment was agreed over dinner in the dining hall of the castle. A very different type of environment."



A passion for FOBs

Another cultural facet of FOB's is 'Entrepreneurial DNA': the 'owner-attitude' is appreciated (within reason), and work-life boundaries are blurred. As we saw in our last article,⁴ an owner wants you to love the machine like they do. More than tolerating the demands of a family-owned business, a good advisor will thrive on them.



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If you hunt for the next piece of revenue, you're doing it wrong."

Amrop Partner

"I really like to work with families," says this Amrop Partner, Why? The answer lies in the cultural facet of 'Deep Determination' — space given to debating, reflection, planning and testing, with conservative risk management and investment. "It's not political, having to please XYZ." She relishes the decision-making process — the deep questioning and desire for a durable outcome. "They take their time and look at the issue from all angles. So these can be quite intense projects. But they typically know what they want and won't compromise. Quite often, expectations are exceptionally high."

For an Amrop Partner who has worked with family-owned business for twenty years, the passion is personal. "We are a family business ourselves. As a second-generation owner I give my clients comfort that I'll understand them and that I'm not just a commercial machine. It's a fascinating service that we offer, but you have to understand the nuances and differences of an FOB."

"The family business really is a beautiful world. I enjoy it," says another. He is joined by his colleague: "The good families mostly have tremendous values and discipline. That is the kind of family business we want to work with. And that's why we are very picky."



Purpose-driven

'Stable Homogeneity' is another cultural facet of family-owned businesses identified by Amrop: solid engineering and a longstanding purpose, with a preference for like-minded people. Evolution more than revolution. "As an advisor, you must play into the ground principles that govern the way the family makes decisions. And any incoming leader must at least observe and to some extent share the values," says this Amrop Partner.

A leadership advisory firm should be just as purpose-driven as their family client. For example, Amrop's mission is to shape sustainable success through inspiring leadership. It means ruling out transactional relationships. "There's no purpose or satisfaction in doing business that way," says one Amrop Partner. "No contribution to society or industry. Our model is simple: to help good family-owned business become great. And to help great family-owned businesses last." This means sustaining knowhow through future generations. He cites a Chinese phrase: *lead high*. "Enabling people to fulfil their dreams and benefit others. I like that. I learned it from some of our best clients."



Caring

An advisor's exposure to their inner workings is only one reason why a family-business deserves a counselor who has their best interests at heart. This chimes with the cultural facet of 'Expectant Caring.' "If you hunt for the next piece of revenue, you're doing it wrong," says one Amrop Partner. It is a serious mistake to accept assignments that primarily serve the advisor's financial interests "because suddenly it becomes a transactional relationship. And then you are two steps down from the advisory role."

"Differentiation means being truly ethical, conscientious, and honest. If a candidate is not right, we say so," says another Amrop Partner. Just as a non-listed family-business can focus on a long-term higher purpose, an independent executive search firm is free of central pressure to deliver on the money. This means actively rejecting assignments that don't serve the client's interests. One Amrop Partner was asked to hire several board members. Based on his knowledge of the family business, he advised against it. "You have a problem in your leadership team. Here is your 3D scan." Instead, he helped the firm to revitalize its C-suite team.

Advisors must take the time to define what the FOB truly needs, rather than pushing for a quick win. "We spend the bulk of the kick-off meeting advising not to rush a decision," says this Amrop Partner. As explored in an earlier article,⁶ another was asked to deliver a CFO and Head of Strategy. Having presented the candidates she suggested the client re-think the role, splitting it between the new CFO and a younger (and less expensive) Chief of Staff. In other words, to put structure before a hire. "I was able to ask that question and he appreciated our thinking on their behalf."

In the crowded (and competitive) executive search sector, this Amrop Partner warns, an unwitting FOB may risk seduction by sub-optimal practitioners. With an eye on the balance sheet, they may force executives onto unsuitable roles. Beyond the insights he provides, he asks candidates to perform their own due diligence. Otherwise "How can we morally look at ourselves in the mirror?"

The industry has changed over the past 40 years, says this Amrop Partner, and the talent market has become more transparent. "Valuing the quality and the way a search partner works is much more important than knowing the three right people." Knowing people within the family network doesn't abnegate the need for thorough research, she says.



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But looking beyond the dollar signs is a two-way-street, the Amrop Partners insist. Clients should also be value, rather than price, conscious. They invite family-businesses to consider the financial difference that an outstanding executive will deliver. This is an investment, not a cost.

The attitude also extends to complimentary advice. On one board assignment, an Amrop Partner interviewed twenty owners, board, leadership team and next generation members. As a consequence, you “know more than a lot of their own people.” And such an intervention is seen as part of an embedded, long-term partnership. “I’m giving some executive coaching free of charge. Our intent is never to go for fees.” Another offers guidance on board composition and independent director appointment. “It’s not paid for, it’s just advice.”

4 Constructively confrontational

Trusted advisorship is all about credibility and gravitas — earning the right to give difficult input. “You have to tell them things they don’t want to hear in a constructive way,” says this Amrop Partner. Another recalls a recent request to investigate a problem between the family shareholders. After interviews he proposed changing the CEO — also a family member. “A revolution. But I explained that this was the only way to survive.” Eight months later, the solution is reaping benefits, and the client relationship is flourishing. Still, he cautions, “you need experience to engage members and work together without feelings of insecurity. To support and make it clear that the solution is the optimal one.”

An Amrop Partner relates a refreshingly frank conversation with a senior founder regarding a sluggish succession process. “You need to put your neck on the line, ensuring Mr. X retires in two years whether you have a successor or not.” Convenient as it may seem to maintain the status quo, the incumbent would ensure that a successor never transpired. “So, you are creating a quagmire for yourself.” You can’t be meek, she says, however uncomfortable your honesty may be. “You need to push or ask questions. When you are hiring four CXOs, everything you do gets discussed.”



You need to push or ask questions. When you are hiring four CXOs, everything you do gets discussed.”

Amrop Partner

5 Context-literate

A 360° perspective underpins trusted advisorship. Positive curiosity should be a character trait and a core value. “Content is very important for me. I’m a chemical engineer and that’s why I love to understand things,” says one Amrop Partner. But key family stakeholders must also step up to the plate. “We focus on the CEO’s, boards or owners,” says this Amrop Partner. In addition, “A truly strategic HR may be brought in to be part of the future vision.” It is equally vital to be transparent about the critical issues in play, no matter how delicate. From the complexities of succession to governance problems, the stakeholders must share the full story if a robust solution is to be designed.

Context is also about inter-connectedness. For example, the three layers of a leadership team must be integrated, says one Amrop Partner. Capturing a panoramic view (and health check) starts on day one. “To really understand the business, its structure, values and culture. To analyze the problem and see the parameters. Only then can we engineer the solution.” But it can be difficult to see the wood for the trees. As an Amrop Partner put it in a previous article⁶ “There’s a whole governance issue. Who decides if there are three siblings to be divided? Does one get the lead? How do we handle the others? More than appointing a CEO, you must look at the whole context and the structure.”

Whilst the fundamental leadership problems facing FOBs are constants over time, the challenges are now multiplying and the stakes rising. Addressing them takes experience and maturity. The family-business is no testing ground for rookie consultants. “I have an overall knowledge and clients get comfort in having me in meetings,” says one Amrop Partner. “And on the final outcome I can absorb the team’s work and market insights.” These enrich her knowledge around multiple areas. From information architecture to board briefings and current compensation parameters. From policy disclosure policies to whistleblower protocols.

Contextual understanding and forward thinking go hand in hand. Regarding governance and board building, for example. When hiring a senior finance executive, the Amrop Partner may invite the family to consider whether the candidate could also help build an audit committee. “The discussions are integrated and intertwined.” Succession is one of the most difficult questions of all. “As advisors it is critical to win the trust from family-owned companies and help them realize that preparing this is the most important task,” says another Amrop Partner.



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6

A learning organization

Curiosity also stimulates a learning appetite. And trusted advisors must give an FOB access to an ever-fresh knowledge base. Fascination and passion help: “We try to understand how these businesses are sustained and why they are more successful,” says this Amrop Partner. “I must dig deep. We have a big research team exploring family businesses and their histories. So, we can quickly have a meaningful conversation about the crux, rather than starting from ABC.” This Amrop Partner sees herself as a student. “I learn through all the work our teams are doing. And if a large organization is shifting, you’ll consistently research and seek to understand in conversations with people what these changes mean. How has the structure changed? What is its impact?” Can AI help? Leadership advisory remains a human craft. It is informed by technology rather than being led by it. “I hope I can add AI as our slave, rather than our overlord,” says another Amrop Partner. “I want it to compound our learning power. With AI and a lot of research, we understand a great deal.”



It’s essential to give the executive freedom to fulfil their responsibilities. It’s a problem if you go in one direction and they go in the other.”

Amrop Partner



HIRING EXTERNAL LEADERS

We’ve seen six vital considerations for a leadership advisory firm. A passion for family-owned businesses. Being purpose-driven, caring, positively confrontational. A context-literate, learning organization. And in previous articles we have examined the executive hiring process from the viewpoint of hiring organizations⁷ and candidates⁸ alike. We conclude with four attention points for family-businesses concerning their own role in a successful hire. For, no matter how proficient your advisor (and new executive), it is incumbent upon the hiring organization to ensure these conditions are in place.

1

Be proactive

Especially for a successful legacy family firm, it can be easy to miss signs of trouble. And many factors may mean a family hesitates to seek external expertise on executive hiring. As seen, the difficulty of identifying and engaging an advisor is one barrier. Cost is another. “We are a last resort,” says this Amrop Partner. “They’ve tried internal people, cousins, brothers, sisters. Finally, they come to us because it hasn’t worked out.” In other cases, an executive has been planted in infertile ground. “Often, by the time we can intervene, it’s too late,” says another Amrop Partner.

“The relationship has soured, or the CEO feels that the family isn’t really interested. And he or she has decided to go or has already switched off.” Sometimes problems are so amalgamated that it is difficult to identify what has happened or what to do. Early signal spotting enables a timely intervention. One that creates the conditions for success rather than repairing damage — financial, reputational or both. Proactively engaging an adviser will create space for an accurate diagnosis rather than a rushed remedy.

2

Set the foundations

We have examined the importance for an advisor to attain solid contextual understanding. But it is equally critical for the family business to understand its own motivations for a hire. Is the interest genuine? A good executive search firm will check that commitment. “It’s vital to be sure they really want to find a C-suite person to support the business,” says Amrop Partner. Lip service or impulse buying are dangerous for all parties, he warns. “We must put on the table that we understand the same thing.”

3

Give autonomy

In the cold light of day, and as seen, owners may be reluctant to hand the reins to a new pair of hands. A search firm must deliver profiles who have the dexterity to assure both continuity and change.⁹ “Owners may be afraid of destroying the culture or values,” says this Amrop Partner. A culture of ‘Expectant caring’ (or well-intentioned paternalism) can easily spill into over-control. With the mandate clearly defined and the executive on the tracks, “it’s essential to give the executive freedom to fulfil their responsibilities. It’s a problem if you go in one direction and they go in the other.”



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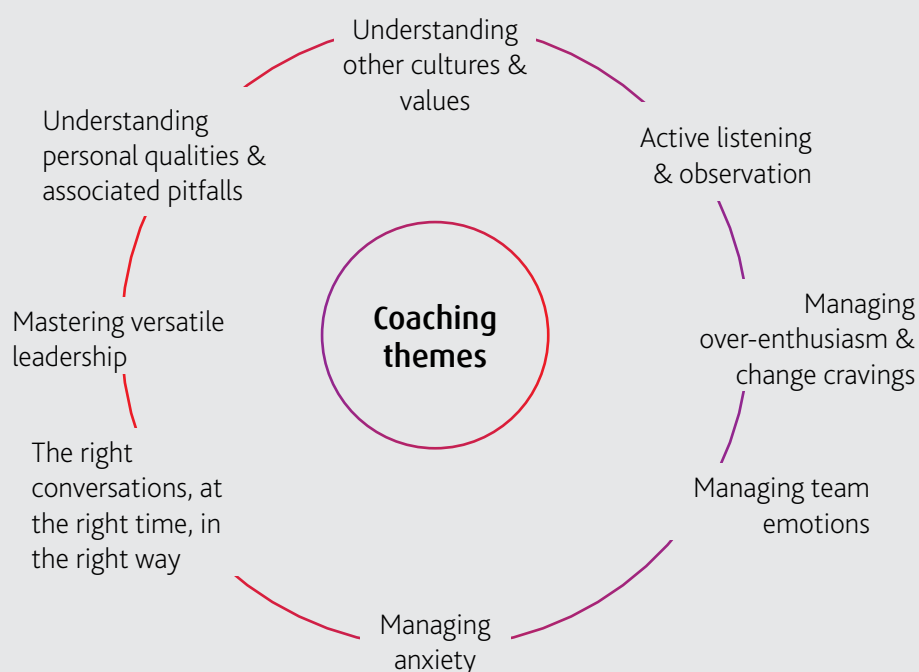
Secure the integration

Researchers have highlighted three problems for an incoming executive. First: the need to rapidly master a complex and demanding role with a steep learning curve. Second: expectations that the newcomer has all the capabilities needed and needs little or no 'honeymoon'. Together these two challenges form a third: a high probability of failure. "Complex role demands combined with a lack of developmental support can produce a 'perfect storm'." ¹⁰

Our exploration has surfaced instances of ill-defined onboarding that lacked governance or ownership. This is especially troublesome when an incumbent is reluctant to cede (or share) responsibility, despite paying lip service at the outset of the hire. The executive search consultant must give uncompromising guidance on the transition plan that evaluates the real buy-in and unearths hidden tensions. "You must spend an important part of your time on onboarding for the owner's case. Thirty per cent for the maintenance of activity, more for a significant organizational performance shift," says this Amrop Partner.

Another has a positive example. "The new executive is joining the CEO/co-founder in reviews and other meetings with key functions, one by one. He is starting to get involved in those areas, observing what problems and challenges are coming up, how decisions are made, systems run. So he's an observer, working with the CEO, and learning. He'll start to get visibility to the whole role from day one, but doing only part of the actual role and accountability. For the other part he will be in learning and transition mode."

In 'Welcome to the family' ¹¹, we highlighted eight leadership styles for newcomers to a family businesses. Combining these in a versatile way will enable an executive to reconcile the core paradox of 'continuity and change'. To keep continuity, the executive will be patient, collaborative, diplomatic and humble. To introduce change, s/he will be transformative, entrepreneurial, agile and focused. As we also saw, and as proposed by the 'Core Quadrant' ¹² concept, it is important for leaders to avoid taking innate qualities to extremes. As such, a new executive should seek transition coaching, and the business should ensure it is provided. ¹³





Comment

Marko Mlakar
Managing Partner | Amrop Adria



After decades of working closely with family-owned businesses, I've learned that leadership decisions in these settings carry a unique weight. They are never purely transactional. They are emotional, symbolic, and often entangled with legacy, identity, and long-term vision.

When a family decides to seek external leadership counsel, the challenge is rarely a lack of options; the advisory landscape is full of capable players. But only a few truly understand the nuances of family dynamics, the unspoken codes, and the delicate balance between continuity and change.

Here, we share our perspective on what distinguishes a truly valuable advisor in the family business context. We identify 6 essential characteristics to look for—beyond credentials—and uncover 4 common pitfalls that can quietly unravel a leadership appointment.

For families facing transition, growth, or generational handover, the right advisor can be a quiet force for clarity, cohesion, and lasting impact."



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Comment

Zeljko Sundov
Principal | Amrop Croatia



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In the life of any family-owned business, moments arrive when the need for external advice becomes acute. To resolve conflicts between family dynamics and company interests, for example. But too many wait too long to make the move.

On one hand, the investment isn't always easy, especially when financial pressure bites. On the other, the family's emotions and over-attachment to the firm may play a role. Yet, external expertise brings vital new perspectives and safely guides the family through unfamiliar territory.

Many examples illustrate the value of external counsel: from igniting short-term growth to assuring the long-term development that will support the generations to come.”



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Sources and further reading

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¹⁰ Conger, J.A., Fishel, B., (2007). 'Accelerating leadership performance at the top: Lessons from the Bank of America's executive on-boarding process'. Human Resource Management Review, Vol 17, issue 4, pp 442-454

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¹³ Cuneo, F., Guinea, F., (2016). Make or Break? Why transition coaching is critical for incoming executives. Amrop.



About Amrop in CEE



**Local. Regional.
International.**
We are where you are.

Embedded in CEE since 1977, Amrop is the region's premium Executive Search and Leadership Advisory firm. All offices are partner-owned, with teams in 15 countries composed of local nationals. 39 Partners and senior consultants are backed by full-time, trained researchers. Amrop CEE is a member of the global Amrop Partnership, with 69 offices in 57 countries.



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From listed mid-caps, family-owned and private equity firms, we have insight into the critical leadership challenges and solutions. We know what makes each CEE country unique, and what unites them.



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