

Building Leadership Readiness: The 3 Cs for Multigenerational Family Businesses

By Lydia Tuthill & Barb Dartt



Succession is often treated as an event. In reality, it is a developmental process. In family businesses, conversations about transition frequently focus on timing: *When will leadership change hands? When will the next generation step up?* But readiness is not determined by a date on the calendar. It is built deliberately over time.

Leadership transition is one of the most significant risks – and opportunities – a family enterprise will face. The question is not simply who comes next. The deeper question is whether both generations are actively preparing for that moment.

In our work, we encourage families to evaluate readiness through three essential dimensions: **Capability, Confidence, and Commitment**. Together, these “3 Cs” provide a practical framework for assessing progress and guiding development.

Capability: Building the Ability to Lead

Capability is the most visible dimension of readiness. It includes technical expertise, operational understanding, financial literacy, and leadership skill.

For the rising generation, capability means gaining meaningful experience - often outside the family business - understanding the drivers of performance, interpreting financial and production data, and holding clearly defined responsibilities with measurable outcomes. It also means developing leadership traits such as communication, empathy, and sound judgment, not just technical competence.

For the leading generation, capability-building requires intentional structure. Have roles and responsibilities been clearly defined? Are success measures visible and objective? Is mentoring consistent and constructive, rather than purely directive? Are systems in place that provide meaningful performance data?

Capability answers the question: *Can they lead?* But equally important, it asks: *Have we created the environment for them to learn how?*

Without clarity and accountability, development stalls. With structure, growth becomes measurable.

Confidence: Transferring Responsibility and Trust

Confidence is built through experience—not titles.

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Emerging leaders develop confidence when they are given real responsibility, appropriate authority, and space to make decisions. They must be willing to take calculated risks, learn from outcomes, and engage in difficult conversations with both family and non-family employees. Confidence also grows when they earn respect across the organization.

For the leading generation, fostering confidence requires a shift: transferring decision-making authority—not just workload. It means supporting next-generation leaders publicly, allowing leadership styles that may differ from their own, and learning to step back without stepping away emotionally.

Confidence answers the question: *Do I deserve to be here? Will others follow me?* If authority is withheld, confidence cannot grow. Creating opportunities to make mistakes builds confidence.

Commitment: Clarifying Purpose and Stewardship

Commitment is often the most personal and most revealing dimension of readiness.

For the next generation, commitment means choosing leadership—not simply accepting employment. It involves understanding the values and legacy of the enterprise, articulating a clear “why” for leading, investing in industry involvement, and aligning one’s vision for growth and risk with other owners.

For the leading generation, commitment means being genuinely prepared to let go. Are they financially and emotionally ready for their next chapter? Do they trust the future of the business without themselves at the helm? Are they willing to redefine their role to support the next generation’s success?

Commitment answers the question: *Do we truly want this transition and are we prepared for the hard work it requires?*

Sometimes capability is present and confidence is growing, but hesitation, on either side, slows progress. Clarity of purpose strengthens momentum.

Turning the 3 Cs into a Practical Tool

The strength of the 3 Cs framework lies in shared assessment. In our work, we encourage both generations to reflect independently on their progress in each area—Capability, Confidence, and Commitment—and then compare perspectives.

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Where do they align? Where do they differ? Which “C” needs the most attention right now?

These conversations shift succession from a single decision to an ongoing developmental dialogue.

From Replacement to Readiness

Our clients are not just passing down land, operations, or ownership shares. They are passing down stewardship. That requires intentional preparation on both sides. The most enduring family enterprises do not stumble into succession. They design it by building capability, strengthening confidence, and clarifying commitment. Successful families move beyond assumptions and toward a clear process and expectations.

Succession is not about stepping aside. It is about building someone up. And that work begins long before the handoff.