



Next Generation Leadership

Honoring the past while preparing for the future

About CFAR

Our mission is to help leaders activate organizations to achieve their highest aspirations—productively, meaningfully, profitably, and with impact.

CFAR spun off from **The Wharton School in 1987**. We leverage our academic roots in strategy, finance and the social sciences to help clients navigate and manage complex organizational issues.

Our clients lead organizations where **mission and purpose are critical and engagement and alignment matter**—in healthcare, owner-led businesses and family enterprises, higher education, foundations, associations and other corporate and non-profit entities.

We **partner with our clients** to understand obstacles to their success and offer ideas, tools and approaches that create strategic alignment, strengthen culture, build teams, improve outcomes and enhance performance.

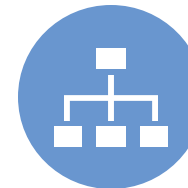
Our Commitments To You



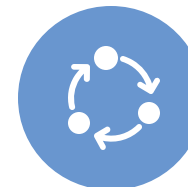
Your world—understood.



Your choices—clarified.



Your organization—activated.



Your purpose—realized.

Next-generation Development Begins with Hope

Getting to a place where that hope is a reality is serious work and a two-way street. It requires:

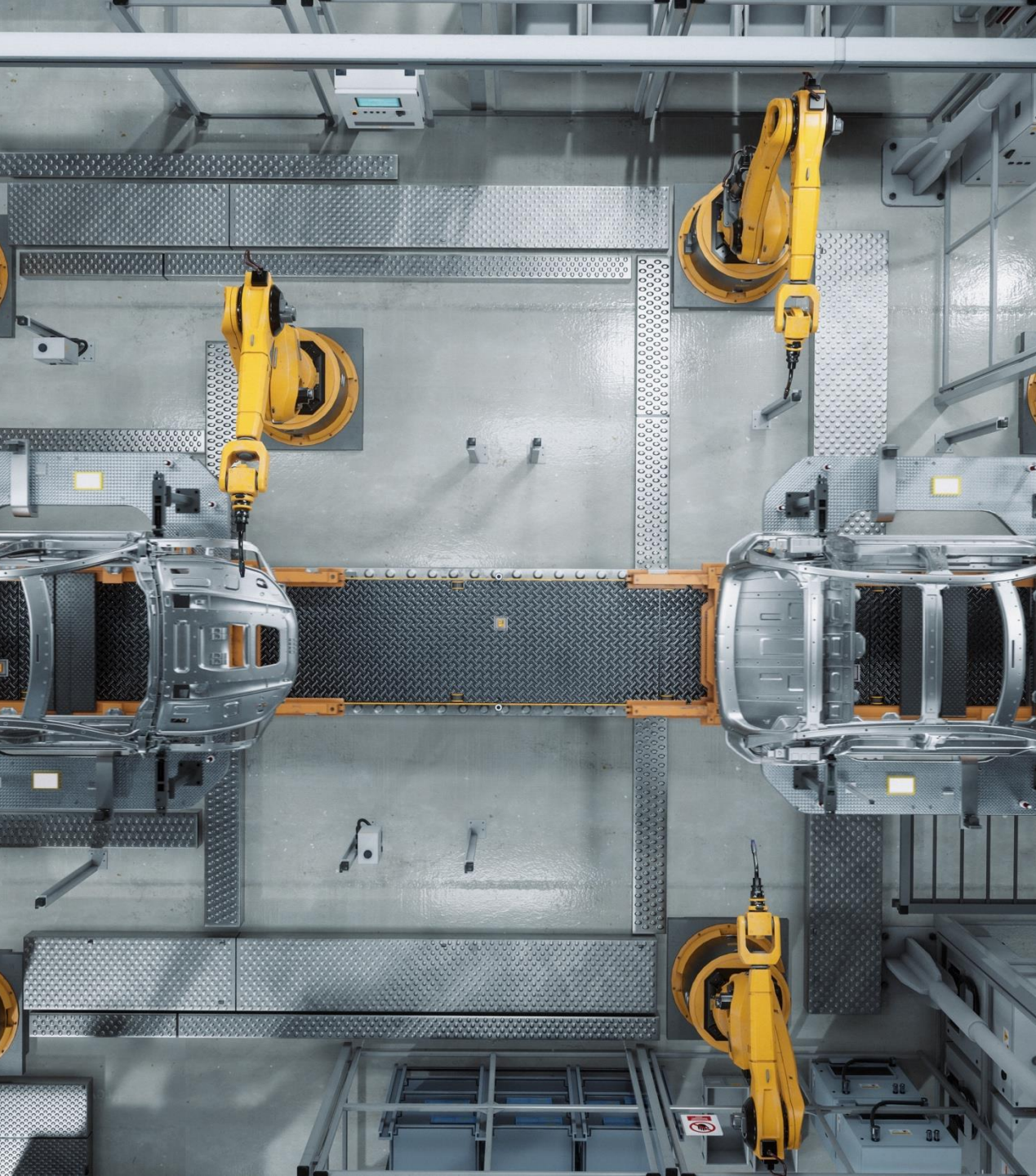
- A deliberate approach to engaging the next generation
- A creative collaboration and active commitment *across* generations
- A level of self-awareness of all parties



When families begin to face this work, they usually start with questions.

Across our nearly 40 years of experience, we've heard them all.





Maybe you're a third gen family member in a manufacturing business. Your mom grew up on the factory floor, watching grandad start the company, but you are just starting your first internship there as a college student...

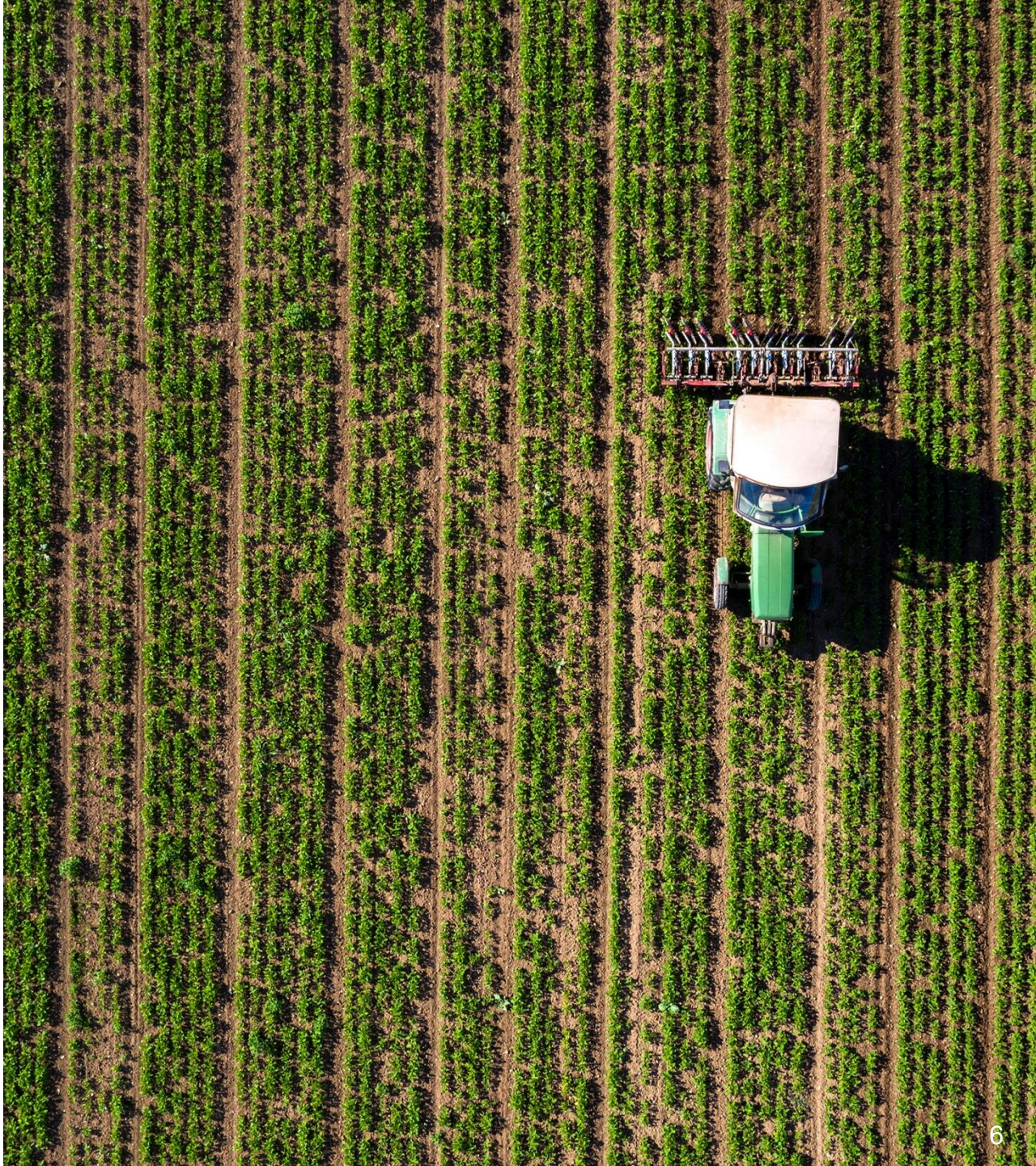
How do I establish credibility?

How is she going to prove himself?

Perhaps you're a leader of a family business that has existed for nearly 100 years. You started out as a farming business but now you have a diverse portfolio of farming, real estate development, and national product distribution...

What strategic skills will get us to the next level?

How do I find my place in such a large company?



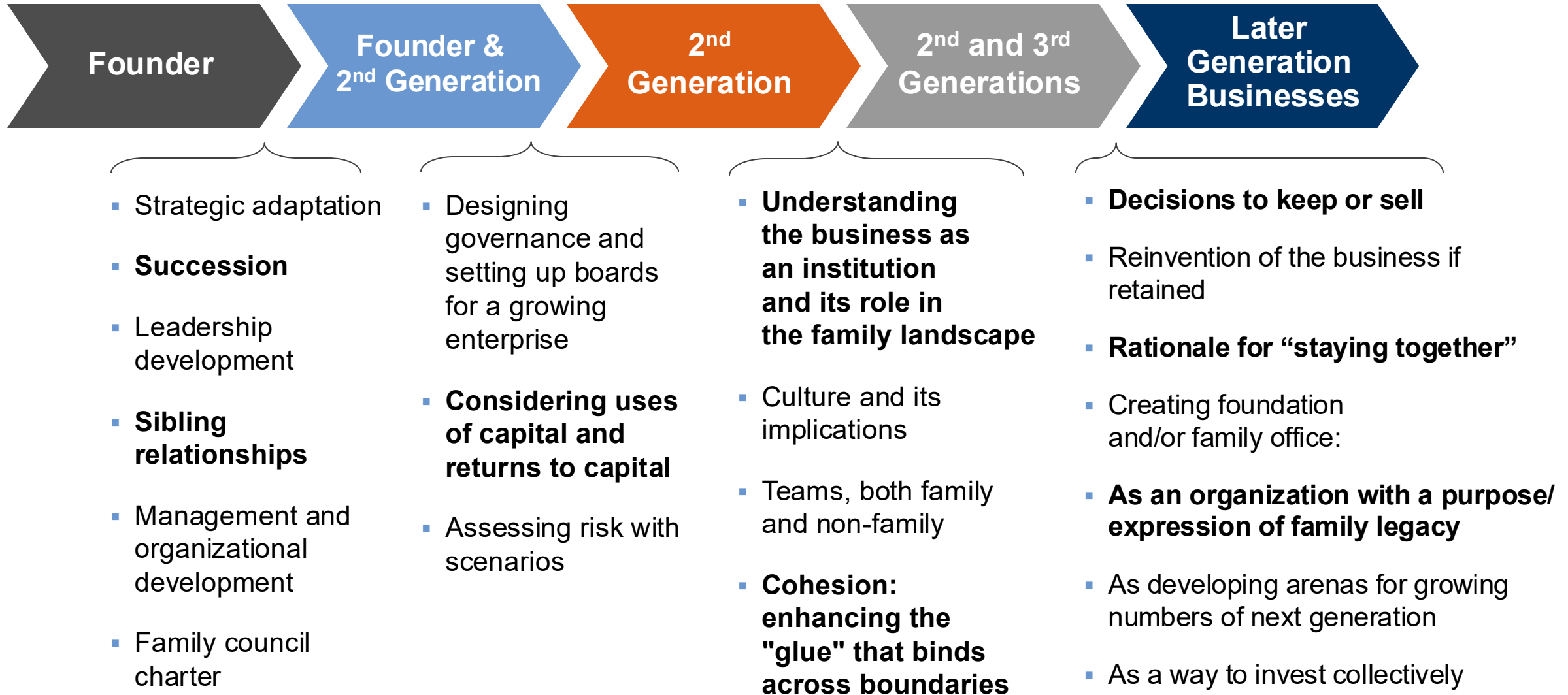


Or you might have started your career outside the family business. You've grown professionally and personally, and and have fallen in love with a new city, but now you're ready to make your next big career move.

Where do I fit into the family business?

How can we attract G4 and G5 to want to work in the family business?

We see common transitions across generational shifts, and approach next generation development to meet each moment



As the world around us changes, the best businesses adapt and evolve as well.

This means each generation will have a different experience of “growing up” in and around the business.

The way we develop our next generation of leaders will have to change as a result.

Our approach to working with the next generation is systemic—
focused on how *everyone across the family can help*



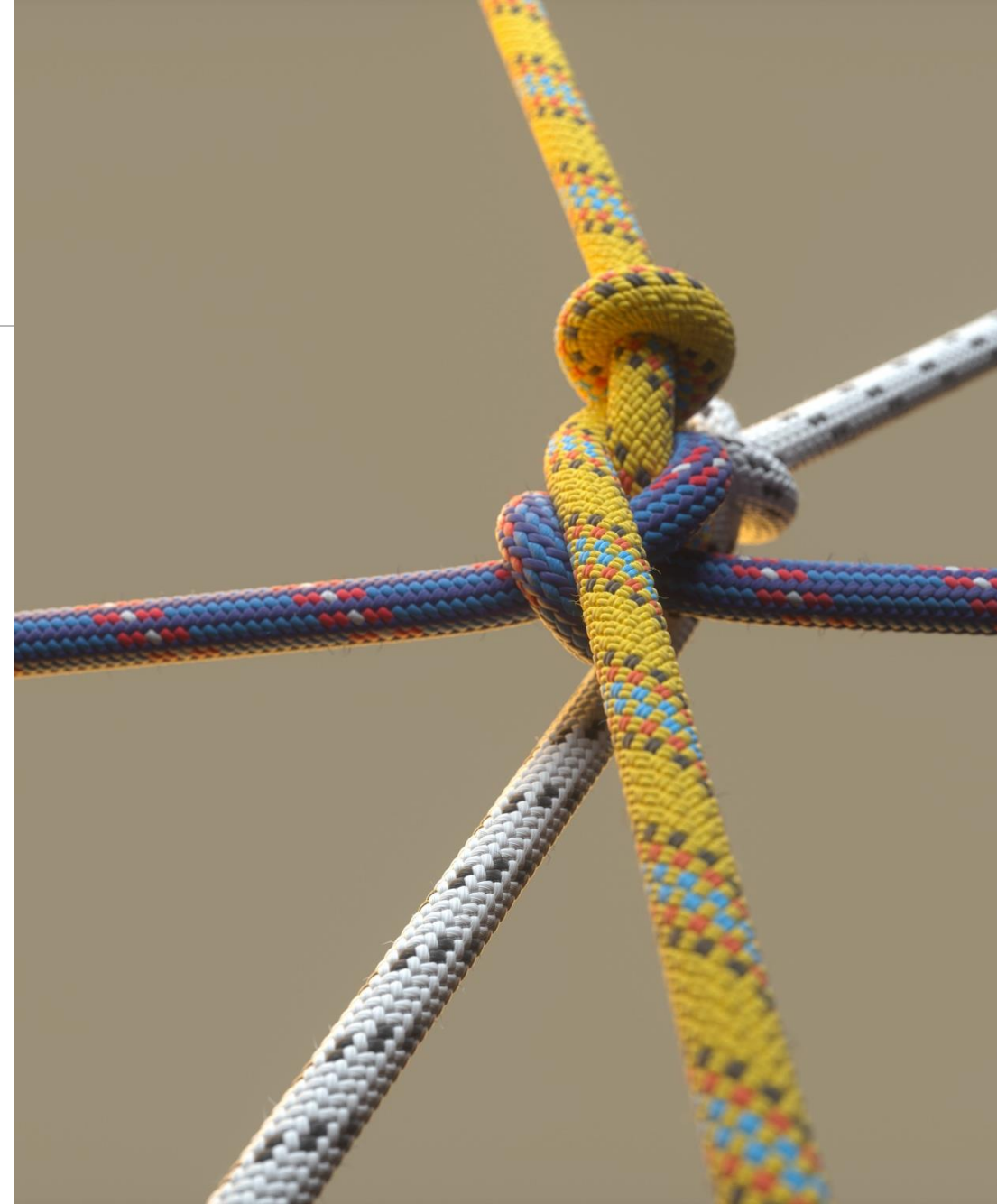
What do members—those who share the family aspiration—whatever it may be...

need to understand, be skilled to do, and have an aptitude for...

in order to be ready to step into roles that enable continuity, longevity, and/or durability of their family enterprise across generations?

No matter where you sit in your family enterprise, you have a role in developing the next gen...

- Business Leaders
- Family Members
- Rising Next Generation Leaders
- Board Members
- Advisors
- Coaches/External Mentors



CFAR's Approach to Next Generation Development Consists of Three Overlapping Workstreams:

STREAM 1: Engagement

STREAM 2: Development

STREAM 3: Deployment

Today We'll Focus on the Development Workstream...

STREAM 1: Engagement

STREAM 2: Development

STREAM 3:
Deployment

Next generation **DEVELOPMENT** involves cultivating the skills and capabilities that will serve the enterprise (as a family member, an owner, or a manager) including identifying what skills should be developed *for this particular time*.

Development in a Rapidly Changing Context Includes Being Future-Ready. Next-gen Leaders Will Have To:

Understand the historical elements of your business

Adapt to new political, regulatory, and environmental systems

Lead and develop a changing workforce, across generations

Incorporate emerging technologies and trends

Navigate new global trade policy and other economic shifts

What are Some Additional Examples of Development Challenges You're Currently Grappling With?

Insufficient P&L responsibility

Never worked outside the family business ("golden cage syndrome")

Limited board or governance experience

Lack of failure/recovery experiences to build resilience

Underdeveloped strategic thinking skills

Missing critical competencies like financial acumen

Technical expertise but no people management experience

Limited exposure to crisis management or difficult decisions

Hasn't built a network of industry relationships yet

Still learning the art of negotiation

A framework for thinking about skill development, from Robin Hogarth's research on learning environments:

“Kind Learning Environment”

“Wicked Learning Environment”



- You get better through repetition
- There are stable rules and repetitive patterns
- Experience leads to predictable improvement
- Feedback is quick and accurate
- The future can be easily predicted from the past

- Rules and context may change or be non-existent
- Patterns do not repeat
- Experience does not lead to improvement and, in some cases, makes you worse.
- Feedback is absent, delayed, or inaccurate
- The future is unpredictable



The Case of Scott Hatteberg

As You Think of the Skills Required of Your Next-gen Leaders...

- Which are “kind” skills that could be developed and sharpened via repetition?
- Which skills are “wicked,” or will require experimentation and reflection, and other non-repetitive kinds of learning to get better at them?



A Framework for Thinking about These Tensions: The Explore/Exploit Tradeoff

Exploit

- Uses what we already know and do well and drills down
- Can be risk-averse
- Thrives on anticipating rewards, external feedback
- Can lead to quicker learning
- Reduces uncertainty

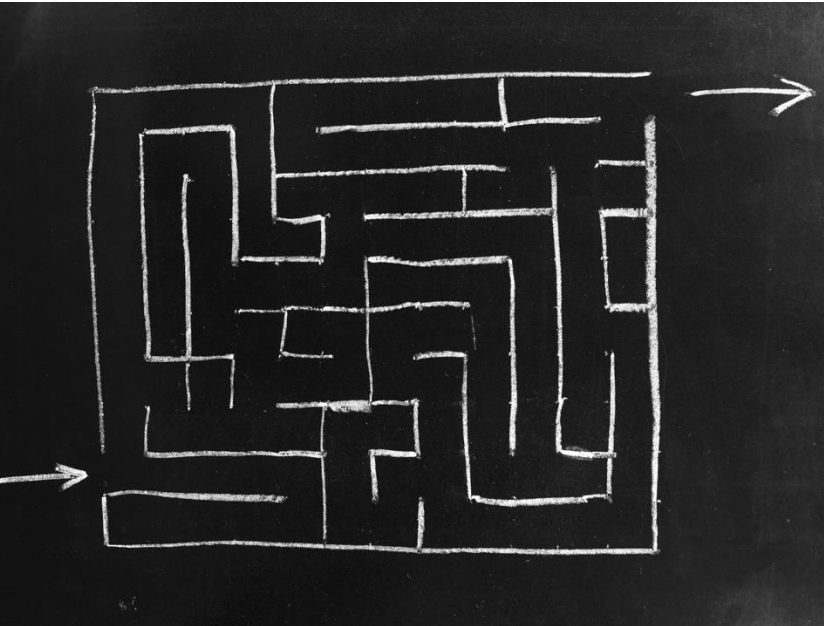


Explore

- Looks for new knowledge and experiences
- Shows up when guidance and certainty is sparse
- Driven by curiosity, intrinsic motivation
- Learning can take longer

Examples of Explore/Exploit in the Wild

Gaming and the development of AI



Foraging animals and patch leaving



Bumble bee flight patterns



In the Next-gen Development Context, Explore and Exploit Can Look Like...

“Exploit” Approaches

- Deepening existing knowledge about the current state of the business
- Leveraging existing relationships, introducing next gen to these longstanding partners
- Understanding areas of clear competitive advantage
- Creating and teaching from manuals for standard operating procedures
- Creating apprenticeship programs
- Developing curriculum with clear performance metrics



In the Next-gen Development Context, Explore and Exploit Can Look Like...



“Explore” Approaches

- Trying novel approaches to training and learning
- Setting up “mini experiments” to test these ideas with minimal risk
- Bringing new voices and ideas into the mix, broadening networks
- Enlisting independent board directors and non-family leaders to lead education efforts
- Encouraging innovation labs
- Offering external rotations
- Trying reverse mentoring programs
- Increasing use of AI
- Refreshing curriculum that was previously developed
- Bringing in coaches

Striking the Right Balance Can Be Challenging

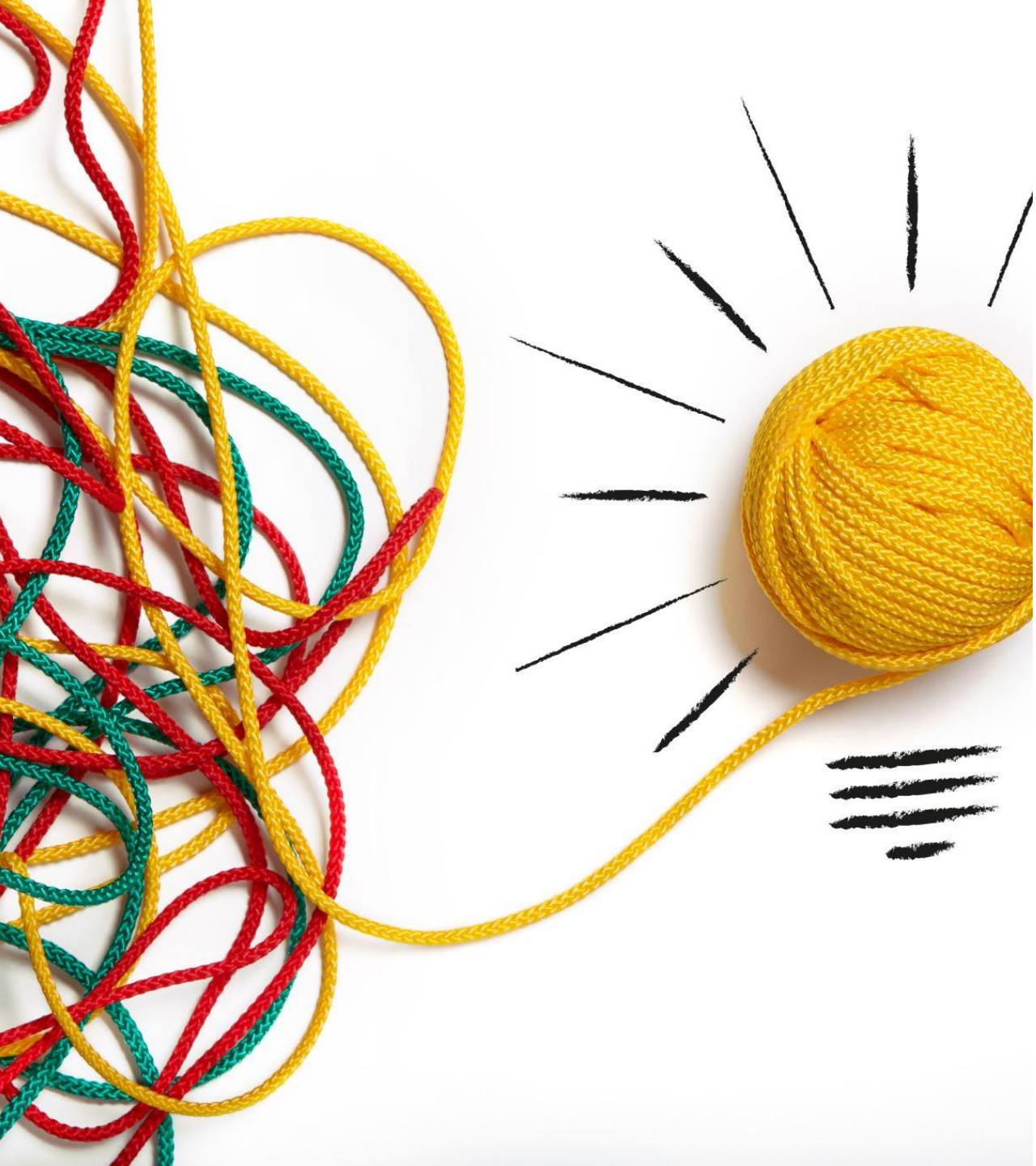
- In business, we tend to put a premium on "knowing," and gravitate toward leaders who project "certainty" and confidence
- While animals explore by instinct, we may have been trained or conditioned to ignore this instinct, developing bad habits and getting stuck in a rut
- Moving into explore mode is necessary to ensure information about our environment doesn't become stale



Common Pitfalls

- Framing generational value clashes as an either/or, or good/bad
- Confusing explore-mode with recklessness
- Mistaking exploit-mode for stagnation





Consider explore/exploit in your next-gen development context...

- How do you know when you would benefit from being in explore mode vs. exploit mode?
- How can you integrate habits and practices into your next-gen development activities to balance both modes?
- How can you build more reflection and rethinking “old” approaches into your work?

In summary...

We talked about the challenging questions that emerge across generations when contemplating next-generation development

We talked about CFAR's approach across three overlapping workstreams...

STREAM 1: Engagement

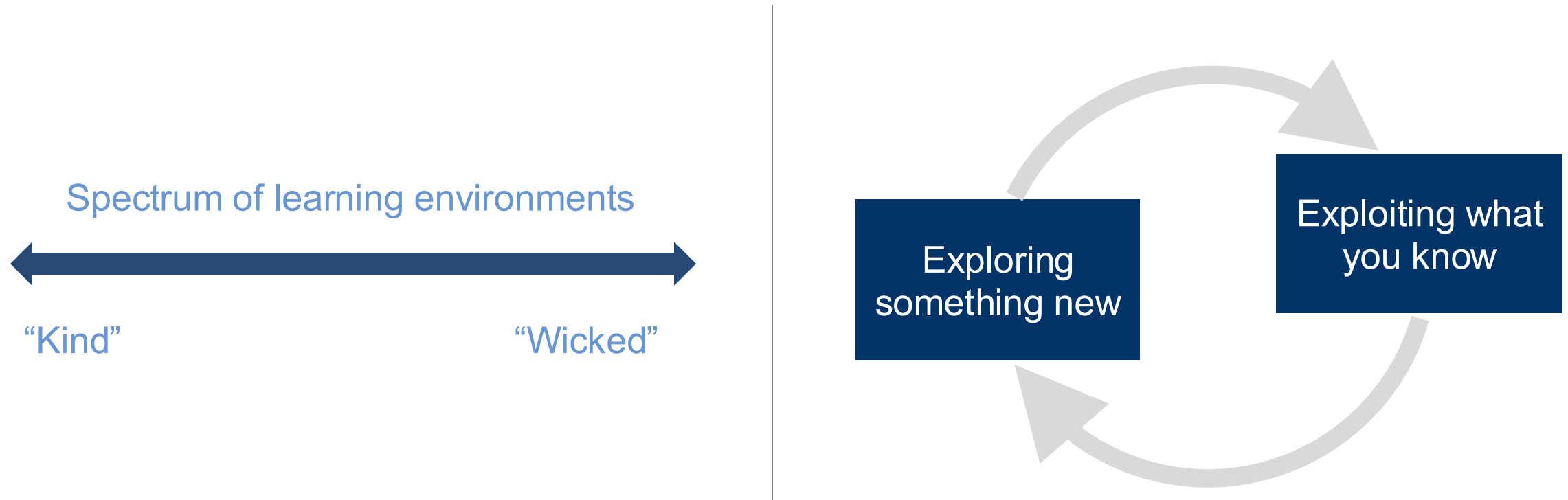
STREAM 2: Development

STREAM 3: Deployment



We focused here

We offered some frameworks for thinking about skill development, across generations...



...and we gave you some techniques and ideas to apply these frameworks to your next gen development work

The Truth Is...

the most successful family
enterprises don't choose between
tradition and innovation—they master
the art of both.

Developing future leaders is really about leaving a legacy—one that honors the past, while evolving in a rapidly changing world



- It starts with **hope** from the leading generation for the next generation
- It requires **courage** across generations to give feedback along the way, to openly explore interests and ideas, and to keep learning from each other even when it's messy
- And it doesn't end; ***development is a constant process***

Q&A

We at CFAR work with growing family enterprises as they face these tradeoffs through the following supports:

Refreshing governance structures at generational transitions

Helping develop structures to connect passions with mission and purpose

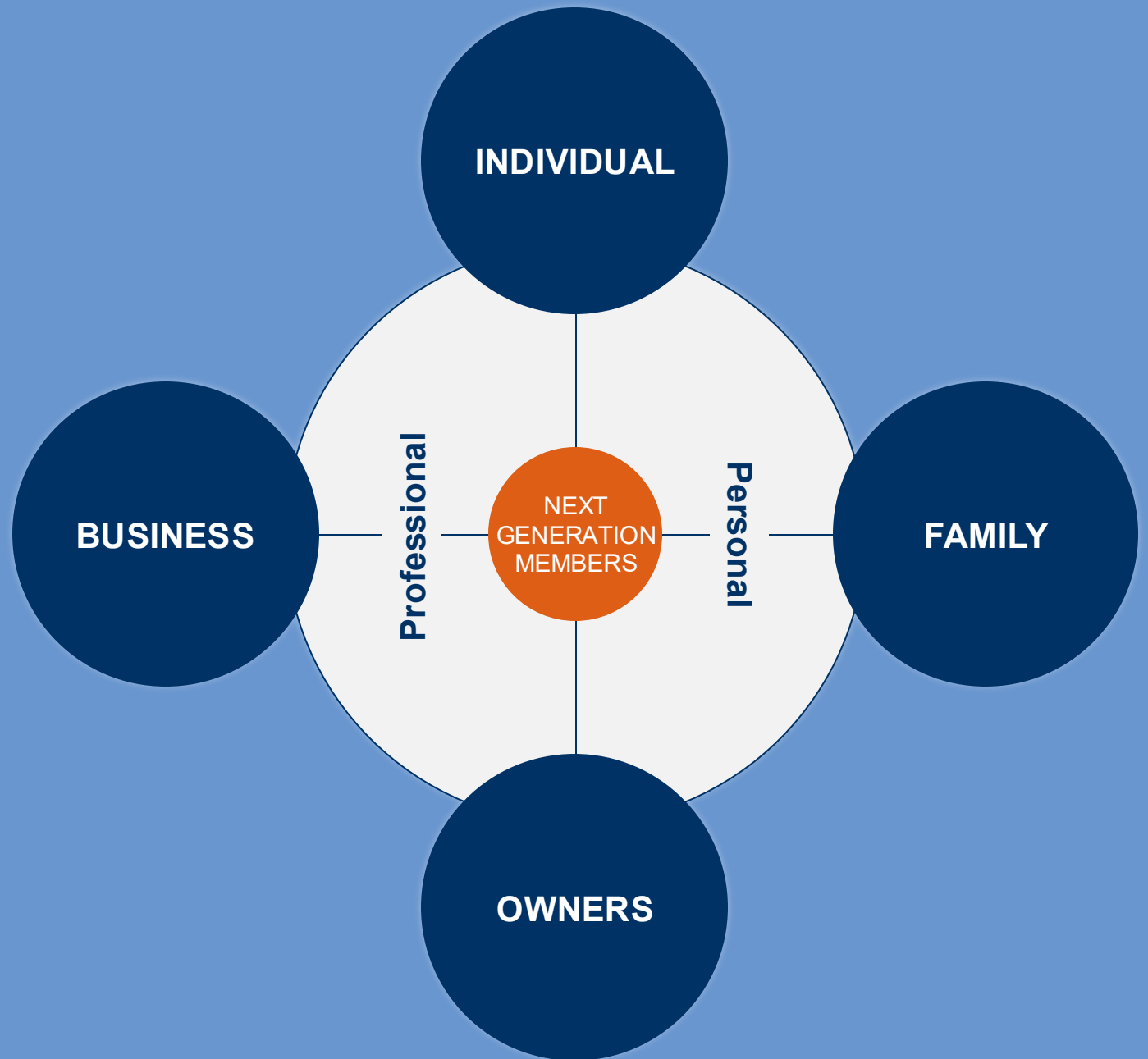
Revisiting “rules of engagement” as the enterprise evolves

Using strategy development as leadership development

Nurturing family connectedness

We Customize Next Generation Development Programs

We tailor every development program to the needs of each family—across four domains: Individual, Family, Business, and Owners



Our expertise fits the family-led organization; we are proud that our history goes back to the beginning of a field



WARC was the first academic institution to offer educational programs to members of family businesses and inaugurated the first series of academic workshops in 1982: The next generation, CEOs, and women in family business.



CFAR 

CFAR practices what we preach: we are effecting succession from our founders to a next generation of owners. For us, succession, growth, and development are not abstract ideas.

CFAR's work trace back to the early 1980s inside the Wharton Applied Research Center (WARC).



CFAR was instrumental in the founding of the Family Firm Institute. CFAR President Debbie Bing has been Chair of FFI's Board of Directors since 2016.

FFI | Family Firm Institute
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Connect With Us Via Email or LinkedIn



Cecilia Madden, M.Ed

cgarzamadden@cfar.com

[LinkedIn](#)



Jessica Hutchison, JD

jmhutchison@cfar.com

[LinkedIn](#)