



FAMILY BUSINESS SURVEY 2025

Empowering the rising generation

Executive summary

Succession, governance, and the evolving role of the next generation are shaping the future of Australian family businesses. Our 2025 Family Business Survey explores these dynamics from both incumbents' and successors' perspectives, highlighting where priorities align – and where they diverge.

The survey shows the changing dynamics between generations. While succession planning remains central, success starts with trust, shared values, and collaboration. The rising generation is stepping into leadership later than expected, yet they bring fresh perspectives and a strong desire to contribute. These insights point to a future where family businesses thrive by balancing tradition with innovation.

Succession and governance are not just operational issues – they are deeply personal and intergenerational. Families that address these areas and align business and family priorities are better placed to navigate change and sustain their legacy.

This report provides insights to guide conversations, decision-making, and long-term planning. We can help family businesses explore these challenges in the context of their own organisation, drawing on our experience in private business tax and advisory.

[Find out more](#)

Key insights from the survey

1

Succession planning remains a shared challenge

Succession emerged as the number one challenge for family businesses. Interestingly, while the incumbent generation often question rising generation readiness, the rising generation is equally concerned about whether the incumbents are prepared to pass on the baton. This mutual concern highlights the need for open dialogue and structured planning.

2

Differing priorities across generations

The incumbent generation focuses on business operations and external risks, whereas the rising generation focuses on internal family dynamics. This divergence underscores the importance of governance structures that address both business and family needs.

3

A rising generation ready for leadership

A substantial portion of the rising generation – particularly those aged 44-64 – has been anticipating leadership responsibilities for an extended period. This reinforces the urgency of succession planning and the need for clear timelines and role clarity.

4

Embracing digital transformation

Digital adoption is influencing operations, decision-making, and collaboration. While the incumbent generation approaches technologies like artificial intelligence (AI) cautiously, the rising generation is embracing innovation to drive efficiency and stay competitive.



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About the survey

In April 2025, Grant Thornton Australia distributed the Family Business Survey to family businesses across the country. The survey received 125+ responses from businesses located in every state and territory, with representation from sectors including agriculture, retail, professional services, manufacturing, and construction.

Respondents included both incumbent leaders and members of the rising generation. Notably, 21 per cent of rising generation respondents were aged 45-54, and 10 per cent were aged 55-64, indicating a broad age range among successors. Generational representation spanned first through fourth generation family businesses.

The survey was conducted via Qualtrics. The findings contribute to a deeper understanding of succession planning, governance, and leadership development within Australia's family business sector.

Balancing family governance and business focus

Has the pendulum swung?

Australian family businesses are placing greater emphasis on family governance, reflecting a positive shift towards stronger structures and clearer accountability. At the same time, the findings prompt a critical question: are some families now placing too much emphasis on governance, at the expense of business strategy?

Positive momentum in family governance

There has been a clear uplift in the adoption of governance frameworks that support family cohesion and long-term planning from 2021 to 2025:



Family charter adoption has increased from **28% to 41%**



Formal advisory boards rose from **25% to 30%**



Formal boards of directors grew from **36% to 44%**



Meetings with external advisors increased from **80% to 88%**



Family councils saw a modest rise from **28% to 32%**

These trends reflect a growing recognition of the importance of structured governance in supporting family unity and succession planning.

Areas of concern: business strategy and legal frameworks

However, the data also highlights a decline in some core business governance practices from 2021 to 2025:



Shareholders Agreements dropped from **41% to 37%**



Documented strategic/business plans declined from **56% to 50%**

This raises concerns about whether the focus on family governance may be diverting attention from essential business planning and legal protections.

Striking the right balance

While strengthening family governance is a positive development, it is essential that family businesses maintain a balanced approach, ensuring that both family and business priorities are addressed in tandem. A well-functioning family business should integrate governance with strategic planning, enabling families to preserve their legacy while continuing to grow and adapt in a competitive environment.

Disclaimer:

The findings presented compare responses from 2021 to 2025. While efforts were made to maintain consistency in methodology, the respondent group may differ between the two periods.

Diverging priorities across generations

Incumbent generation's top challenges:



37% Attracting and retaining staff



28% Cashflow issues



22% Succession planning



22% Economic uncertainty



20% Reduced sales due to cost of living



18% Adapting to AI

Rising generation's top challenges:



41% Succession planning



38% Economic uncertainty



26% Cashflow issues



21% Challenging family relationships



17% Reduced sales due to cost of living



14% Political uncertainty

Note: respondents were encouraged to select more than one challenge. This resulted in totals of over 100 per cent.

When we dissected the top challenges by generation, a distinct pattern emerged. While incumbents are focused on external business pressures, the rising generation is grappling with internal family dynamics – particularly succession and interpersonal challenges. This divergence in focus underscores the need for structured governance and open communication.

Succession planning

While four of the top five challenges facing family businesses are linked to the current economic climate, the number one challenge is not financial – it's succession planning.

This finding is particularly striking given that only **19 per cent** of family businesses currently have a documented succession plan in place. Despite its critical importance, succession remains one of the most under-addressed issues in the sector.

While concerns about the readiness of the rising generation are often cited, we've found that three deeper, more personal factors tend to have a greater influence:

- Succession is commonly thought of in the context of retirement, which can evoke fear and uncertainty. Reframing succession as a process of evolution rather than exit can help shift this mindset.
- Financial security is a key concern. Many business owners have the majority of their wealth tied up in the family business, making it difficult to envision stepping back without compromising their lifestyle or legacy.
- A lack of clarity about what comes next. Without a clear plan for life after leadership, it can be hard to let go of the reins – even when the next generation is ready.

The good news? These challenges can all be addressed by starting the planning process now. With the right support, families can build confidence, secure their future, and create a smooth transition that benefits both generations.

The rising generation is ready, but waiting

One of the clearest indicators of succession pressure is the age profile of the rising generation. Almost a third of successors are aged between 44 and 64 – experienced, capable, and prepared to lead. Yet many are still waiting for the baton to be passed. This delay is not just logistical; it's emotional and strategic, impacting both family dynamics and business continuity.



What this means for the future

Succession planning is no longer a distant consideration – it's a present-day imperative. The rising generation is ready to lead, but without clear plans and aligned governance, family businesses risk stagnation or fragmentation.

By combining robust governance with strategic business planning, families can build a legacy that endures. The insights from this survey are a call to action to engage in meaningful succession conversations, empower the next generation and ensure that both family and business thrive together.



FREEDOM: A proven framework for succession planning

Succession planning is one of the most complex and emotionally charged challenges facing family businesses. To support families through this transition, we use our FREEDOM framework – a structured, seven-pillar approach designed to address the most common barriers to successful generational handover.

Each element of FREEDOM represents a critical area that must be considered and resolved to ensure a smooth and sustainable transition:

- F** **Financial security:** Have the current owners accumulated sufficient wealth outside of the business, or will a transfer generate adequate funds within a suitable timeframe?
- R** **Refocus of life plan:** Do the current owners have meaningful pursuits outside the business to support their transition?
- E** **Electing a successor:** Can the current owners confidently choose a successor, and is that individual willing and prepared to take on the role?
- E** **Education and support:** Does the next generation have the qualifications, experience, and access to coaching or mentoring to guide them?
- D** **Disasters & unplanned events:** Is there a contingency plan in place for unexpected events such as death or disability?
- O** **Objectives alignment:** Do both generations share a vision and agreed family values for the business?
- M** **Managing communication:** Is there sufficient trust and transparency to enable effective decision-making and information sharing?

The FREEDOM framework provides families with clarity, structure, and confidence – ensuring that succession is not just a transaction, but a transformation.

The rising generation

One of the most encouraging findings from our 2025 Family Business Survey is the rising generation's clear commitment to building their business capability. The data shows a strong appetite for learning and leadership – an indication that they are now actively preparing to drive the business forward.

Top areas of development for the rising generation



58% Understanding value drivers for business growth



42% Exploring and refining leadership styles



37% Learning to read and interpret financial statements



34% Strengthening knowledge of asset protection



33% Different entity structure available

Note: Respondents were encouraged to select more than one challenge. This resulted in totals of over 100 per cent.

This shift in focus reflects a growing awareness among the rising generation: they recognise the importance of balancing family governance with commercial acumen. They are not just waiting to inherit leadership – they are preparing to earn it.

Generational perspectives

When comparing responses between generations for top areas of development, an interesting divergence emerged. The incumbent generation ranked asset protection as a top priority, while the rising generation placed greater emphasis on estate planning – with no mention of asset protection.

This contrast suggests a mutual concern: each generation is thinking about the other's wellbeing and the long-term impact on the family's wealth and business. It's a compelling reminder that succession is not just a transaction; it's a transition that requires empathy, planning, and shared understanding.

Engaging an independent facilitator can be a powerful enabler in succession planning. They bring objectivity to the conversation, helping families navigate sensitive topics without emotional bias. With the ability to ask the difficult questions and guide discussions constructively, a skilled facilitator creates a safe space for open dialogue, clarity, and progress.

Governance: the cornerstone of effective succession planning

While many family businesses begin their succession journey by drafting a plan, the real starting point lies in building the foundation for collaboration. Before succession can be successfully implemented, families must learn how to work together, align on long-term vision, and articulate shared values.

A well-structured family governance framework, which is often referred to as a 'family charter', serves as more than just a rule book. It is a dynamic tool that enables multiple generations to operate side by side, fostering clarity, trust, and continuity. When thoughtfully developed, this framework becomes the guiding structure for navigating complex decisions and transitions.

The process of creating a governance framework requires time, reflection, and skilled facilitation. An independent facilitator plays a critical role by asking the difficult questions, challenging assumptions, and ensuring that the framework is tailored to the unique needs and priorities of the family. Once drafted, the facilitator continues to guide the family through regular meetings, helping bring the framework to life and embedding it into everyday practice.

With a robust governance structure in place, families are better equipped to engage in meaningful succession planning – one that reflects both the business imperatives and the family's legacy. When done well, this process doesn't just ease concerns – it builds confidence across generations.



From observation to action: empowering the rising generation for leadership

Many family businesses are taking proactive steps to prepare the rising generation for future leadership. These efforts reflect a growing recognition that successful succession is not a single event, but a carefully managed process that blends education, experience, and structured support.

Top 5 steps family businesses are taking to prepare the rising generation



63% Mentoring rising generation family members



60% Gradually integrating them into decision-making processes



31% Engaging external advisors to support their development



29% Encouraging participation in financial acumen programs



25% Providing opportunities to shadow board meetings

These initiatives demonstrate a clear commitment to equipping the next generation with the tools and insights they need to lead with confidence and competence.

Note: Respondents were encouraged to select more than one challenge. This resulted in totals of over 100 per cent.



Learning by transferring ideas and knowledge

One of the most effective methods is learning through mentoring, shadowing board meetings, and gradual involvement in decision-making. These experiences allow the rising generation to observe how decisions are made, what information is considered, and how family values are reflected in business strategy. It also helps them identify what drives effective governance and what may be holding it back.

However, mentoring within the family can be complex. Family dynamics often influence the effectiveness of these relationships. Interestingly, our survey found that among rising generation participants who were mentored:



were mentored
by a family
member



were mentored
by a non-family
member

This highlights the importance of designing a mentoring framework that is both structured and flexible: one that supports learning while navigating the nuances of family relationships.

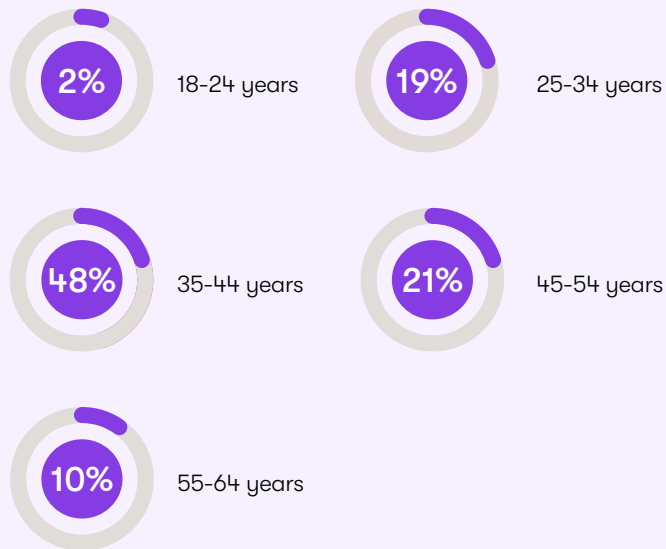
The case for a structured leadership pathway

The rising generation family members are eager to contribute and grow, but without a defined pathway into leadership, families risk underutilising their potential. A structured governance framework, supported by regular Family Council meetings and clear leadership development plans ensures that each individual's strengths are recognised and nurtured.



The age of the rising generation

Our survey data shows the rising generation in family businesses is typically aged:



While 67 per cent of the rising generation fall within the expected 25 to 44 age bracket, a notable 31 per cent are aged between 45 and 64. This raises an important question: why are so many experienced individuals still waiting to lead?

The answer may lie in a common misconception that succession equals retirement. Our experience, supported by the data, suggests that many incumbent leaders hesitate to initiate succession planning because they associate it with stepping away entirely. This mindset can delay leadership transition and limit opportunities for the rising generation to grow into their roles.

It's critical to consider a more progressive approach: refocusing your life plan rather than retiring. Succession doesn't mean stepping out – it means stepping aside strategically. It's about creating space for the rising generation to lead, while continuing to contribute to areas that align with your passion, expertise, and preferred lifestyle.

Remaining involved in the business – whether through mentoring, strategic oversight, or project-based involvement – allows incumbents to support the rising generation while giving them room to develop their own leadership style. This gradual transition, typically over three to five years, is far more effective than a sudden handover.

Our FREEDOM model outlines seven hurdles that can derail succession planning, and age is often a key indicator of delayed transition. By reframing succession as a shared journey rather than a single event, families can unlock leadership potential, preserve continuity, and build a legacy that lasts.

Industry snapshot

Family businesses across industries are navigating a range of pressing challenges – from cashflow pressures to talent retention and economic uncertainty. Here's a snapshot of what they're facing today.



Real Estate & Construction

- 40%** Cashflow issues
- 33%** Economic uncertainty
- 33%** Challenging family members



Retail & Consumer Products

- 50%** Reduced sales due to cost of living
- 40%** Economic uncertainty
- 30%** International online competition



Agribusiness, Food & Beverage

- 30%** Succession planning
- 30%** Attracting & retaining staff
- 30%** Economic uncertainty



Manufacturing

- 45%** Economic uncertainty
- 33%** Attracting & retaining staff
- 33%** International/online competition



Professional Services

- 63%** Attracting & retaining staff
- 50%** Cashflow issues
- 38%** Adapting to AI



Financial Services

- 50%** Adapting to AI
- 50%** Succession planning
- 25%** Political uncertainty



Health & Aged Care

- 50%** Succession planning
- 50%** Economic uncertainty



Transport, Postal & Warehousing

- 50%** Attracting & retaining staff
- 50%** Succession planning
- 50%** Cash flow issue



Arts & Recreation Services

- 67%** Reduced sales due to cost of living
- 33%** Attracting & retaining staff
- 33%** Political uncertainty



Wholesale Trade

- 38%** Succession planning
- 38%** Attracting & retaining staff
- 25%** Value of AUD

We can turn these insights into actionable strategies to help family businesses manage risks and make informed decisions. By strengthening operations and seizing growth opportunities, we help them build long-term resilience and sustainable success.

Our survey captured responses from a diverse range of family businesses across multiple industries. Each sector brought its own unique perspective.



12% Real Estate & Construction



3% Transport, Postal & Warehousing



9% Retail & Consumer Products



2% Arts & Recreation Services



8% Agribusiness, Food & Beverage



2% Education & Training



7% Manufacturing



1% Administrative & Support Services



6% Wholesale Trade



1% Energy & Resources



6% Professional Services



1% Technology, Postal & Warehousing



4% Financial Services



3% Health Care & Aged Care

Supporting family business success



At Grant Thornton Australia, our Family Business Consulting team partners with family business owners and leaders to build strong foundations for long-term success. We work closely with families to shape and develop strategies that reflect both current realities and future aspirations – whether through succession planning, governance frameworks, or leadership development.

We collaborate with mid-sized family businesses to design tailored leadership pathways that align with both family values and business goals. Our approach helps families build confident, capable leaders who are ready to drive growth and steward the family legacy into the future.

Whether your business is navigating generational transition, growth opportunities, or leadership challenges, Grant Thornton Australia is here to help you move forward with confidence.

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PEOPLE NATIONALLY

1,500+

NATIONAL REVENUE (AUD)

\$370m

PARTNERS NATIONALLY

182

OFFICES NATIONWIDE

6

PEOPLE GLOBALLY

68,000+

GLOBAL REVENUE (USD)

\$7.2b

OFFICES GLOBALLY

750+

MARKETS

145+

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