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CAN FAMILY CEOs IGNITE INNOVATION?

Executive summary and practitioner insights by Angèle Marinelli, PhD Fellow, and Cécile de Lisle, Executive Director, Dieter Schwarz Foundation Family Business Center, based on Amore, M. D., Bennesen, M., Bordeerath, B., & Foss, N. J. (2025). CEO Succession and patenting in family firms. *Strategy Science*. Advance online publication.

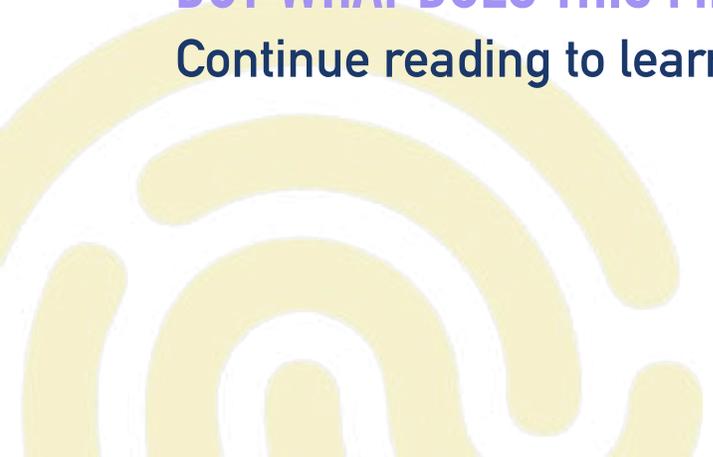
This summary draws on the core findings of Amore et al. (2025), with interpretation and application developed independently by Angèle Marinelli and Cécile de Lisle for a family business audience

EXECUTIVE SUMMARY

Innovation is the engine of long-term competitiveness. But when it's time to appoint a new CEO, should your family firm favor **continuity** through a **family successor** or bet on **professional expertise** from outside? This large-scale study of over 6,000 Danish firms delivers a clear and perhaps surprising result: appointing a **family CEO**, especially one with an **engineering or business education**, leads to **more innovation**; both in the **number and quality of patents**. The research further finds that the innovation gains persist over time, suggesting that family CEOs may provide a unique mix of **long-term vision**, **job stability**, and **failure tolerance** that allows innovation to flourish.

BUT WHAT DOES THIS MEANS FOR YOUR FIRM?

Continue reading to learn our **three key insights** and **questions to ask** within your family firm!



INSIGHT 1

FAMILY CEOs CAN FOSTER INNOVATION

The study shows that when family CEOs take on their role, they:

- Lead to **more patents and more patent citations.**
- Foster conditions that support **experimentation and long-term R&D.**
- Provide continuity with a **distinctively innovation-friendly twist.**

MANAGERIAL TAKEAWAY:

Family succession is not just about preserving legacy; it can also be a **forward-looking innovation strategy.**

INSIGHT 2

EDUCATION MAKES THE DIFFERENCE

However, not all family CEOs boost innovation equally. The effect depends on their education:

- **Engineering degrees** lead to the strongest increase, with a **13% increase of patent counts.**
- **Business degrees** show an **8% increase.**
- **Other degrees** show little to no innovation premium.

ACTION POINT:

Family ties alone are not enough. Prioritize **technical or managerial education** when selecting or preparing a successor.

INSIGHT 3

JOB SECURITY ENABLES RISK-TAKING

But why do family CEOs boost innovation? The study explains that they create a **safer environment** for experimentation:

- **Lower employee turnover** after succession.
- **Greater tolerance for failure.**
- A culture more conducive to **exploratory, long-term projects.**

WHY THIS MATTERS:

Innovation needs **more than good ideas.** It needs a psychologically safe environment where teams can **try, fail, and try again.**



QUESTIONS TO ASK WITHIN YOUR FAMILY FIRM



Are we investing in the education and development of future family leaders?



Do our internal processes, such as culture, encourage experimentation?



Are we creating the conditions where innovation can take root?



How do we measure the impact of succession?



BOTTOM LINE



This isn't just a feel-good story about family legacy. Under the right conditions, **family CEOs can tangibly improve innovation outcomes**. So, if your firm is planning its next leadership transition, don't just ask who can preserve the past, but ask **who's ready to patent the future**.

Legacy and innovation are often seen as **opposites**. But this research shows they **don't have to be**. Under the right conditions, a **family CEO** can not only **safeguard your firm's past** but **patent its future**.