



BUSINESS SUCCESSION PLANNING

Why succession deals collapse

And how to learn from it
(or avoid it completely)

Most succession failures follow predictable patterns. Recognizing these patterns early, and learning from others' mistakes, can help you avoid costly missteps or salvage a deal that's already struggling.

To the uninitiated, business succession planning can seem like a fairly straightforward prospect: valuation models, tax planning, legal documents and timelines all neatly plotted on a Gantt chart. In reality, many succession deals never make it across the finish line.

They stall. They unravel. Or they quietly die on the vine after months or even years of effort, often without a postmortem. And when they do, the explanation is rarely "the numbers didn't work." More often, the real causes are human and avoidable.

Most succession failures follow predictable patterns — which means they're preventable.

Why succession deals collapse

Silent deal killers

Succession failures often fly under the radar. Unlike failed venture rounds or public M&A walkaways, these deals dissolve behind closed doors, particularly in family-owned and closely held businesses. Transition advisors see the patterns repeatedly: deals that looked solid at the letter-of-intent stage collapse during due diligence, governance negotiations, or late-stage financing, and eventually one party quietly walks away — taking months of work and goodwill with them.

Common themes

The reasons for deal failure are almost endless, but there are some common themes.

- **Starting late.** Late starts might be the ultimate deal killer. They reduce leverage, compress decision-making and greatly decrease the likelihood of success.
- **Poor due diligence.** Inadequate preparation around financials, operations or leadership readiness can raise critical issues at the worst possible moment.
- **Lack of governance.** Ambiguity around administration increases conflict, slows execution and undermines trust among stakeholders.
- **Successor readiness.** Gaps in leadership capability or credibility can destabilize operations and weaken confidence across the organization.
- **No integrated advice.** Most owners have an attorney or accountant, but succession transactions can benefit from a coordinated team that includes a dedicated transition specialist providing an objective perspective.



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The top reasons deals collapse

Nearly every collapsed deal traces back to misalignment. Everyone thinks they're aligned... until they're not. When assumptions don't surface early, disagreements become toxic.

Here are the most common reasons we see deal collapse, based on the two succession paths.

Path 1	Path 2
<h4 data-bbox="142 678 570 722">Selling the business</h4> <ul data-bbox="142 741 716 1335" style="list-style-type: none"><li data-bbox="142 741 716 852">• Excessive owner dependency. The business can't operate without the founder's daily involvement (a red flag for any buyer).<li data-bbox="142 873 716 984">• Misaligned expectations. Sellers and buyers hold different assumptions about valuation, earnouts and post-close roles.<li data-bbox="142 1005 716 1161">• Poor due diligence prep. Under-prepared financials, undocumented processes and unresolved issues surface at the worst possible moment.<li data-bbox="142 1182 716 1335">• Poorly structured mechanics. Ambiguity around buy-back rights, voting rights and governance — particularly common in management and employee buyouts.	<h4 data-bbox="850 678 1344 722">Keeping it in the family</h4> <ul data-bbox="850 741 1442 1377" style="list-style-type: none"><li data-bbox="850 741 1442 896">• Confusing ownership with readiness. Family members are elevated without demonstrated capability or a track record to support the transition.<li data-bbox="850 917 1442 1073">• Lack of ownership mindset. Missing transparency, accountability and shared leadership — the successor can do the job but isn't ready to own it.<li data-bbox="850 1094 1442 1249">• Unresolved family dynamics. Tension around fairness, compensation and control isn't surfaced early, allowing conflict to quietly derail the process.<li data-bbox="850 1270 1442 1377">• Lack of governance. No clear decision-making structures leave personal disagreements with nowhere to go but sideways.

How to avoid making these mistakes

Succession failures are predictable — and often preventable. Recognize the common failure points early and address them before they derail the deal.

Planning for both the transaction and the identity shift afterward makes succession intentional rather than reactive. Sixty-four percent of business owners are “maximizers” who often experience decision fatigue and regret in the process.¹ Early clarity on success criteria helps avoid this.

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Begin at the end: Understand what you need from the deal financially

The most effective planning conversations start three to five years before a potential exit. This creates space to define what your life looks like after the sale. Start with these questions: *What does an average Wednesday afternoon look like six months after the sale? Where are you? What are you doing?*

Once that's established, you can ask: *How much do I need to accomplish my post-sale goals? What's a fair price?*

Define success before structure

Before finalizing structure or price, define what success means for yourself and every stakeholder. Put it in writing. Force trade-offs into the open: control vs. value, timing vs. certainty, legacy vs. flexibility.

Buyers will discover everything during due diligence anyway. Disclose concerns upfront — financial gaps, customer concentration, operational dependencies. Issues disclosed early get addressed constructively. Issues found during due diligence erode trust and compress valuations.

Establish governance early

Create clear decision rights for the period between agreement and full transition. Define who leads, who advises and how disputes are resolved. Governance reduces friction and builds trust.

Control shifts after the letter of intent. Before signing, sellers have leverage. After signing, buyers control the process. Clear governance prevents this from becoming adversarial.

Let successors prove themselves

Give successors time to demonstrate capability well before structuring a deal. Let them lead external relationships. Let them earn validation from customers, employees and prospective buyers. If leadership capability is overestimated, it will blow up during — or after — the deal.

Run parallel tracks

Succession requires two efforts simultaneously: deal execution and organizational readiness. Address culture, communication and identity alongside the legal and financial mechanics. Focusing on one without the other creates blind spots that can kill deals.



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So, your deal collapsed. Now what?

It can be hard not to view a deal gone wrong as both a professional and personal failure. But the last thing you want to do is to rush into “fixing” the deal or sweep the experience under the rug.

First, take a breath. Then consider your strong leadership response — one that’s deliberate, disciplined and honest.

Six steps to moving on

- 1. Don’t panic.** If a deal flames out on Friday afternoon, go into work Monday morning as you normally would. This is the starting point for maintaining stability, and it gives you the headspace to start dissecting what went wrong.
- 2. Stabilize the organization before revisiting options.** Employees, customers and lenders can sense instability, so you’ll want to calmly re-clarify who’s in charge, reaffirm strategic priorities and maintain continuity. This will reinforce credibility better than silence.
- 3. Conduct a real post-mortem without assigning blame.** Make a detailed assessment of the root causes for the failure and capture these insights while they are fresh. Think about involving advisors who can challenge comfortable narratives.
- 4. Reset — don’t abandon — succession planning.** A failed deal doesn’t mean succession is impossible, it just means the prior approach was missing important details. Revisit timelines, roles, objectives and sequencing leadership transition.
- 5. Protect optionality.** Avoid reactive decisions driven by disappointment or fatigue and maintain operational discipline. Keep strategic alternatives open such as internal succession, leadership development, partial liquidity, staged exits or delayed transitions.
- 6. Reframe the experience as strategic intelligence.** A collapsed deal reveals where the business and its leaders aren’t quite ready (for whatever reasons). Treated correctly, that knowledge can become an asset for the next attempt.

Turn failure into fuel

Succession deals collapse not because leaders failed to plan financially, but because they underestimated the human complexities of preparation and letting go. The most important work happens long before documents are signed — owners who recognize this increase their odds of success.

Succession failure isn’t random. It’s the result of waiting too long, misjudging readiness and avoiding hard decisions.

The good news? You can fix these.

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Don't go it alone

At PNC, our Private Business Strategists focus solely on helping business owners optimize personal and business finances. Our team of specialists can help you assess readiness, structure your transition and preserve value throughout the process.

And if you're looking for ways to help ensure that your family's wealth remains a positive force for generations to come, our [Hawthorn Institute for Family Success](#)[®] offers additional guidance and resources to help you flourish personally, professionally and philanthropically.

Whether you're years from exit or facing an unexpected transition, the time to prepare is now.

To start the conversation, contact your PNC representative.



¹ PNC Private Bank Business Owner Study, 2025

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