

Passing the Torch: How Generational Change Can Revitalise Germany's Mittelstand

Germany's Mittelstand stands at a crossroads – and at the same time, before an extraordinary opportunity. Over the coming years, tens of thousands of entrepreneurs will need to address the question of succession. Without a well-structured handover, many of these businesses risk closure.

What is frequently seen as a risk can equally be viewed as a **catalyst for renewal**. The largest generational shift in modern economic history offers the chance to rethink business models, drive innovation and secure Germany's long-term competitiveness.

From Succession Challenge to Future Opportunity

The scale of this development is striking: According to the **KfW Succession Monitoring Report**, more than **600,000 medium-sized enterprises** will face the question of succession by the end of 2027. The **Institute for SME Research (IfM) Bonn** estimates that around **30,000 family-owned businesses** go through a succession process every year.

Behind these figures lies not a looming void – but an unprecedented **opportunity for renewal**. Each succession marks the beginning of a new chapter: one of modernisation, digital transformation, new business models, and a corporate culture that places future readiness at its core.

Often described as the “engine of the German economy,” the Mittelstand has successfully navigated countless periods of transformation. But this time, the challenge is not about technology or markets – it's about people: leaders who preserve what works while having the courage to shape what comes next.

Leadership in Transition

With this generational shift, the very nature of leadership is changing. Successors – whether family members, internal talents or external hires – bring fresh perspectives to the table. Their mindset is shaped by sustainability, digitalisation, internationalisation, and agile leadership. They combine performance with purpose, and responsibility with quality of life.

This is defining what companies expect from modern management: Organisations are not seeking administrators of the status quo, but **leaders who blend strategy with pragmatism**. Leadership today is seen as a collective process built on openness, trust, and mutual respect.

This is where **professional headhunting** comes in. Successful succession is no coincidence – it is the result of a strategic, targeted search for individuals who fit the organisation both **professionally and culturally**. Many business owners want to place their life's work in trustworthy hands – but their access to the right candidates is often limited, especially beyond their personal networks.

Bridging Generations: Between Experience and Renewal

During a succession phase, an experienced executive search consultant is far more than an intermediary. Their role is not merely to compare profiles, but to understand the **company's DNA**: What values have made it strong? Where does its future potential lie? And what kind of leader can credibly bridge both worlds?



The best succession solutions are those that **balance experience with innovation**. Outgoing entrepreneurs bring stability, deep market understanding, and entrepreneurial spirit. New leaders complement this with fresh ideas, digital expertise, and renewed energy.

A professional headhunter connects these two worlds – with neutrality, experience, and a finely tuned sense of cultural and personal fit.

Structured Succession – The Key to Success

A successful transition begins long before the actual handover. The challenge is rarely *if* it should happen, but *how*.

- **Early planning:** Establishing and adjusting structures and processes in time increases both attractiveness for successors and company value.
- **Clear responsibilities:** A well-designed process ensures that knowledge, trust and decision-making authority are transferred step by step.
- **Openness to different models:** Whether MBI (Management Buy-In), MBO (Management Buy-Out) or external recruitment – flexibility broadens the range of options.
- **External guidance:** An executive search partner supports the professional assessment of candidates, evaluates cultural fit, and ensures a discreet, targeted process.

Discretion is particularly valuable in this sensitive phase. Many entrepreneurs prefer not to communicate their succession plans publicly until everything is settled. A confidential headhunting process makes it possible to approach suitable candidates selectively and strategically.

Shaping the Future – Rather Than Waiting for It

Succession is not a necessary evil – it is one of the most **strategic opportunities** a company can have. Those who act early can steer the process proactively, rather than being driven by external circumstances.

Time rarely works in favour of those who hesitate: the competition for qualified leaders remains fierce, and strong successors have ample choice. This makes it all the more important to view succession as a **future-oriented project** – built on clarity, openness and professional support.

Germany's Mittelstand stands at a turning point. Those who act wisely now will not only secure their own succession but actively shape the future of their business.

Let's talk!

Whether you are just beginning to plan or already preparing a transition - in a confidential conversation, we'll help you define the right steps to ensure your company's succession is well-structured, sustainable, and successful – turning today's challenge into tomorrow's opportunity.

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