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## Article

# Caught off guard by opportunity: Disentangling the family-business nexus in the process of selling family business

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# Caught Off Guard by Opportunity: Disentangling the Family-business Nexus in the Process of Selling Family Business

Věra Králová , Pavel Král , and Lucie Klattová 

## ABSTRACT

Family business literature is oriented toward intra-family succession as the preferred way to transfer businesses. However, when it comes to family business sales, neither the family business nor the acquisition literature provides sufficient knowledge about the sales process. This study aims to provide an in-depth exploration of family business sales from the seller's perspective and scrutinize how the family-business nexus, the idiosyncratic interconnection of family and business, evolves in the family business sale process. The longitudinal case study research design draws from a unique opportunity to study the entire family business sales process in a small family organization. Data from observations, interviews, internal documents, and communication were analyzed following grounded theory principles. The findings identify critical family- and business-dominated milestones in the process of selling a family business. The final model explains how a single commitment to a family business disentangles into a decreased commitment to business continuity and an increased commitment to family continuity owing to shifts in the driving criteria and goals of the sale. The findings extend the literature on family business sales and demonstrate how the family-business nexus impacts the sales process. Additionally, the shift in the seller's approach from family business sustainability (courtship) to direct financial profit (takeover) shifts the acquisition literature forward by revealing the dynamics of the business's selling approach.

## KEY WORDS:

family business sale, family business buyout, continuation commitment, takeover, courtship.

## JEL Classification: G34, L26.

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## 1. Introduction

The preferred way to transfer family businesses is through intra-family succession. However, when a family lacks a suitable successor, the sale (also referred to as a buyout) of the business is a crucial alternative (Chirico et al., 2020; Scholes et al., 2008; Wennberg et al., 2010, 2011). On the one hand, selling a family business provides an opportunity to obtain significant financial resources, solve problems by obtaining a strategic partner, or resolve suc-

cession issues (Graebner & Eisenhardt, 2004; Niedermeyer et al., 2010). On the other hand, a buyout is sometimes perceived as a negative outcome because the founders cannot influence the future of the firm (Wennberg et al., 2011), or they perceive the sale as a personal failure due to emotional ties to their business (Scholes et al., 2008). In addition, because of the preference for intra-family succession or to protect socioemotional utility, family businesses are sold less often than non-family firms (Feito-Ruiz et al., 2016; Feldman et al., 2016; Zhou et al., 2011).

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In contrast to the abundance of research on intra-family succession, alternatives to family business sales remain neglected in the literature (King et al., 2022; Miller & Le Breton-Miller, 2021; Rovelli et al., 2022). The available research on family business sales has focused predominantly on the typology of family business sales (Wennberg et al., 2010), reasons for sales (Wennberg & DeTienne, 2014), and post-acquisition performance (King et al., 2022; Scholes et al., 2010). However, there is little information on the pre-merger phase and the development of the sales process (King et al., 2022; Worek, 2017). Consequently, we lack studies that inform sellers about the intricacies of selling a family business. Limited information on process dynamics and the tension between socioemotional and financial concerns (Ahlers et al., 2014; Chirico et al., 2020) leaves business owners blind and unprepared. Non-familiarity with the sales process can lead to the unpreparedness of family business owners, which can be one of the main causes of one-third of family business transfers failing (European Commission, 2020).

A unique challenge of selling a family business is the family-business nexus, the idiosyncratic interconnection of family and business (Randerson & Estrada-Robles, 2023). In family business sales, the business side separates from the family. The current literature provides some insight into the influence of the nexus on running a business (Eddleston et al., 2018) or on the types of nexuses while running the business (Kleve et al., 2020; Labaki et al., 2013). However, we do not have any evidence of how this nexus evolves during family business sales or how it influences the sales process. The tension between family and business creates many dilemmas (Conz et al., 2024; Kleve et al., 2020; Kotlar & De Massis, 2013) that may influence the seller's approach to the process, thus playing a crucial role in selling the family business.

The objective of this study is to provide an in-depth scrutiny of family business sales from the seller's perspective and to identify how the family-business nexus impacts the sales process. In particular, we pose the following research question: How does the family-business nexus unfold in the process of selling the family business? This study

employs a theoretical framework for acquisition from the seller's perspective (Graebner & Eisenhardt, 2004). We conducted a longitudinal single-case study using a process approach (Jarzabkowski, 2003; Langley, 2007; Langley et al., 2013; Langley & Tsoukas, 2016). Through 17 months from 2018 to 2019, we collected a unique insider dataset on the sales process from the first moment the family registered the first impulse to sell the business until the buyer withdrew the offer on the contract day. The case was represented by a small family business based in Czechia with 30 years of history. This case is typical of a family business in a Central and Eastern European (CEE) country since free entrepreneurship in CEE countries began in 1990.

## 2. Theoretical Background

Family businesses are the most prevalent form of business organization (Gagné et al., 2021; Kotey, 2005; Salvato et al., 2019). They constitute an important component of most countries' economies (Lussier & Sonfield, 2010) and play a significant role in global development (Audretsch et al., 2023). Family businesses are unique organizational forms with several distinct characteristics that differentiate them from non-family firms. First, a family business typically has a long-term orientation through intra-family succession (De Massis et al., 2008, 2016; Miller et al., 2003). Second, family businesses focus on socio-emotional wealth (Pinelli et al., 2024) and balance families' economic and non-economic needs (Peng et al., 2018). Third, family businesses link businesses and families as two interconnected systems otherwise treated separately (Olson et al., 2003). This interplay creates dynamics that affect business performance, growth, change, and transitions over time. Fourth, family businesses prefer stability to growth, resulting in significantly slower growth and lower volatility than in entrepreneurial firms (Ward, 1997). As a result, family businesses are based on different values and are driven by different sets of goals (Chrisman et al., 2012).

### 2.1. The Process of Family Business Sale

A family business sale is the sale of an entire business by an external investor. Hence, the family

no longer holds any shares in the business after the sale. Sales are once-in-a-lifetime ventures (Niedermeyer et al., 2010) that present the possibility of capitalizing on year-long effort and dedication. A family business sale is a form of entrepreneurial exit defined as “the transfer of control over an entrepreneurial firm to one or several individuals or an organization, alternatively the liquidation of the firm” (DeTienne, 2010, p.204). Despite the argument that family business sales as independent sales are a low-risk exit path for the family firm (DeTienne, Cardon, 2012), the family business sales process conceals more aspects that occur at the individual, family, and firm levels (Aldrich, 2015). The embeddedness of family business founders can impact not only the firm itself (Widz, Kammerlander, 2022) but also the industry and, in some cases, even the regional economy (TeTienne, 2010). Thus, selling a family business is riskier than selling a non-family business (Feito-Ruiz et al., 2016). A lower propensity to sell, a tendency to innovate incrementally rather than radically (De Massis et al., 2015), and a slower decision-making process (Sharma & Manikutty, 2005) make family businesses more reluctant and vulnerable. There is also a risk of decreasing the family’s socioemotional wealth, unlike in the case of intra-family succession when the business continues to live in the hands of the family (Kurta et al., 2023; Madison et al., 2016). Due to the rarity of sales in families’ lives and the difficulty of letting the business go, it is essential to understand the sales process from the sellers’ perspective so that fewer family businesses struggle with continuity and are viable after the buyout.

Only a few studies in the family business literature focus on selling the family business and even less on the actual sale process (King et al., 2022; Scholes et al., 2008; Worek, 2017). King et al. (2022) point out that the reviewed studies focus on the differences between family and non-family firms, the level of diversification, characteristics of deal completion, and the level of family involvement. Most studies have analyzed the reasons for sale (Franks et al., 2012; Hirigoyen & Basly, 2019; Meglio & King, 2019; Salvato et al., 2010; Singaram et al., 2024) or the taxonomy of different exit paths (Nielsen & Sarasvathy, 2018). However, attention

has concentrated more on the decision to acquire or sell, leaving the dynamics of a family business sale process relatively unstudied.

A rare study of the family business sales process was conducted by Niedermeyer et al. (2010), who divided the process into three phases: The pre-sale phase starts with considering selling the family business and ends with the decision to sell. Second, the sales process involves hiring an advisor, building sale options, evaluating bidders, negotiating, and ending by transferring ownership. Third, life after the sale, when the family can start a new business, continues as employees in the divested business retire or pursue hobbies. However, the description does not provide sufficient details about the role of the family in the process, nor does it capture the inherent twists and loops. Consequent studies (Drapeau & Tremblay, 2020) called for revisiting the process since it is affected by dynamic factors.

Family business exits reflect shifts in entrepreneurial studies that suggest accepting it as an equivalent component of the overall entrepreneurial process (DeTienne, 2010; DeTienne & Wennberg, 2016). We may employ entrepreneurial lenses of business exit and insights into various exit characteristics to understand the basic tenets of family business exit. However, entrepreneurial exit does not explain the dynamics of a family business sales process caused by founders’ embeddedness (Widz & Kammerlander, 2022), intentionality (DeTienne & Cardon, 2012), or the common disproportion between business and family focus (Randerson & Estrada-Robles, 2023).

## 2.2. Family-business Nexus

Family businesses are distinguished by the mutual influence of the family and the business, termed the “family–business nexus” (Randerson & Estrada-Robles, 2023). In most family businesses, family members cannot separate their family and business matters because family–business interactions are interdependent, emotions transfer from family to business and vice versa, emotional immersion is in both domains, and the boundaries between the family and business are diffused (Richards et al., 2019; Labaki et al., 2013).

Thus, family business ownership, both equity and psychological ownership (DeTienne, 2010), are sources of the permanent impact of the family–business nexus.

This nexus can create unique strengths for the family business but also create unique challenges when its family and business goals are incompatible. Managing the contrasting goals that drive the family and business domains distinguishes family businesses (Eddleston et al., 2018). Typical discrepancies arise when deciding between profit and human relationships, control and trust, secrets and openness, and individual and collective goals (Howorth et al., 2004; Madison et al., 2016). The most important aspect of this nexus is the focus on the non-financial value accrued to families by associating with their firms, which is termed socioemotional wealth (Kurta et al., 2023). This focus may create a dilemma for family businesses. Families are committed to business and perceive selling as a way toward business continuity (Mahto et al., 2014). However, exiting the business is a strong affective and emotional process (Chirico et al., 2020) that may bring radical disconnection between family and business.

### ***2.3. Seller's Perspective on Business Acquisitions***

Although most acquisition literature focuses on the buyer's perspective and neglects the seller's perspective, Graebner and Eisenhardt (2004) offer a valuable theoretical framework based on the seller's view of the acquisition process. They derive two distinct approaches to business acquisition: courtship and takeover. Courtship views the sale as a “process of mutual agreement between buyer and seller and encompasses timing and strategic and emotional factors, not just price” (Graebner & Eisenhardt, 2004, p. 367). The decisions result from the agreement between the buyer and seller. The role of the seller is decisive, and the criteria for choosing the buyer are strategic and emotional, including cultural fit, personal fit, trust, respect, and the overall sustainability of the business. Financial aspects were not the primary criteria. Takeover views sales as a purely business process with the buyer taking a dominant role. The role of the seller is merely to negotiate the price, and

the criteria for choosing the buyer are strictly economic, that is, maximizing the price. Multiple bidders are desirable because they maximize prices. Family businesses are expected to predominantly follow courtship approaches (Ahlers et al., 2017; Eddleston et al., 2018; Kurta et al., 2023). However, it is unclear what determines the approach to family business sales when founders have high embeddedness (Widz & Kammerlander, 2022), as their intentions and actions can be strongly affected by situational conditions and the family–business nexus.

Courtship and takeover represent the two ends of the scale. However, a sale is a long-term activity and external and internal factors affect the sale process and can cause shifts in the sellers' attitudes, roles, or criteria preferences. These shifts remain unaddressed in the family business literature. Together with only high-level information on the decision process about family business buyouts, there is room to examine the decision process and its dynamics affecting views on acquisitions, as defined by Graebner and Eisenhardt (2004). Thus, we aim to study sales from the family perspective, as it is a neglected topic in the literature (King et al., 2022; Scholes et al., 2008; Worek, 2017) and explore how the family-business nexus unfolds in the process of family business sale.

### ***2.4. Contextual Background***

Although business sustainability is critical for the economy, employment, and welfare, family businesses are at high risk. Only one-third of family businesses survive the transition from the first to second generation (Conz et al., 2024; Gagné et al., 2021; Ward, 2011). However, such business transfers are risky. In Europe, 450,000 family businesses are transferred annually, with only two-thirds being successful. The remaining 150,000 family business transfers failed (European Commission, 2020). Therefore, creating a supportive environment for business transfers is a strategic action of the European Commission to ensure the sustainability of family businesses (European Commission, 2020). Business transfers enable a firm to sustain its longevity beyond its average age (Napolitano et al., 2015). In the family business context, this refers to

the viability of a business after the owner transfers ownership.

This problem has worsened in several parts of the world. For example, Central and Eastern European countries experienced the collapse of communism and democratic changes in 1989, which brought about strong market and institutional developments (Mošnja-Škare, 2024). These changes sparked the establishment of family businesses in the 1990s (Sari & Gryga, 2023). The first generation of entrepreneurs faces the challenge of family business succession, and many consider selling their businesses. They face the same generational issues as family businesses globally (Lussier & Sonfield, 2010); however, the general literature on family business succession, particularly on family business sales, is missing. Thus, first-generation entrepreneurs face the disadvantage of information asymmetry about the business side of the sale (Howorth et al., 2004) and a lack of knowledge about the business's impact on a family.

### 3. Methods

This study draws on a longitudinal, in-depth case study (Eisenhardt et al., 2016) to explore the evolution of the family business sales process from the seller's perspective. Longitudinal case studies are appropriate and helpful for understanding dynamics within single settings (Eisenhardt, 1989; Yin, 1994), especially for neglected phenomena (De Massis & Kotlar, 2014). The inductive approach to the process study allowed us to explain how the family business sales process unfolded over time (Langley, 1999; Langley et al., 2013; Langley & Tsoukas, 2016).

This study follows the evolving family business activities, focusing on the micro level of analysis. The main interest centers on individual events and choices unfolding from initial triggers to sell (Jarzabkowski, 2003; Langley, 2007) until the surprising, unexpected outcome of the overall sale process when the buyer withdraws from the contract precisely on a contract day. Thus, the case study offers not only the potential to understand the dynamics underlying the process as it unfolds (Eisenhardt, 1989) but also enables exploration of the micro-level dynamics of the sales process. This subsequently leads to unexpected macro-level outcomes (John-

son et al., 2003; Kouamé & Langley, 2018) from the emerging patterns within the case study (Langley, 1999; Siggelkow, 2007).

#### 3.1. Research Setting and Time Frame

The research setting was a family business named Alpha, a well-established small family business that has provided protective equipment, distribution, and sales services since 1995. Alpha ran at approximately four million euros in annual turnover and was a stable family business with steady growth. Equity capital reached almost one million euros, and the return on equity (ROE) was stable at approximately 15%. Alpha is a well-established family business firm with low employee fluctuation, as employees stayed there for an average of 10 years. Alpha consisted of seven family members and 16 employees.

Alpha was held by first-generation founders, two brothers, and one CEO. Other family members were involved in the business at the management level. Thus, the top management team comprised three members: two brothers who were owners and served as the CEO and sales manager, respectively, and the CEO's wife, who worked as a financial manager. The other four family members were second-generation children and relatives working full- or part-time in the family businesses.

However, owing to significant changes in the niche market with protective equipment, Alpha faced new challenges: it lost important customers, foreign companies entered the settled market, and Alpha could not reach profitable tenders. In this context, Alpha was advised to sell its business. Although unexpected, this triggered a potential alternative solution. Moreover, the owner began to consider sales opportunities as a solution to the uncertain family business succession of the second generation.

The family business sales process was initiated in January 2018 and evolved over 17 months until May 2019. In January 2018, the owner contemplated the possibility of selling their family business, which they had not previously considered. Since then, family business owners developed family business sales activities until the contract day in May 2019, when the buyer withdrew from the offer. Figure 1 shows a timeline of the overall activities pursued in the family business. Figure 1 highlights the dominant events and periods between them, as characterized by their core activities.

Alpha initiated the family business sale process as a potential solution that graduated over the period before initiating the family business sale. Figure 1 shows critical events in the sales process and several stages Alpha underwent within 17 months. Period 0 represents the period before the family business sales process began. Periods 1–5 illustrate the steps in the entire family business sale process until the buyer withdrew from the contract. Period 0 was characterized by the growth of the family business and by contextual shifts in the market that pressured the top management team to solve the situation. Despite this growth, the family’s top management team remained the same, even though it resulted in the accumulation of functions, overwork, and frustration with operative tasks. However, having all the power in the hands of the family was essential because they did not want to delegate tasks, especially those related to finances, as they were worried about embezzlement.

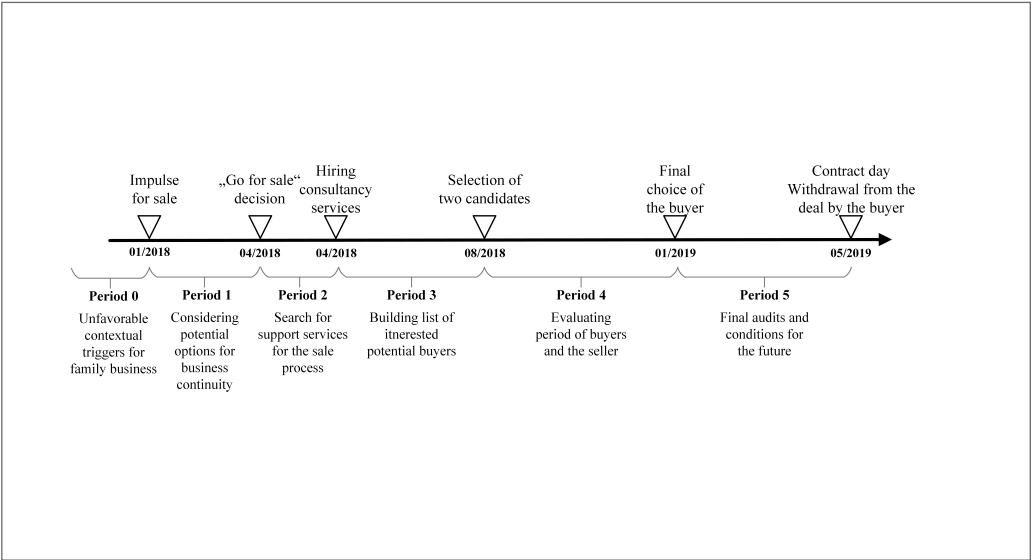
This main shift in the market has also challenged family businesses. The recent buyouts of small companies in the industry by multinational organizations caused

Alpha to be uninvolved in most tenders. Alpha suffered from a) a language barrier, as none of the top management teams spoke English; b) centralized corporate purchases that were run on the international level, excluding local players; and c) the flow of Chinese products on the market for prices that were not competitive for products made in Europe. Moreover, Alpha lost its key customers owing to the effects of that shift. The loss of the key customer was the final trigger, representing the starting point of the family business sales process as an impulse to sell, as depicted in Figure 1.

3.2. Data Collection

Our study collected longitudinal qualitative data on family business process sales from various data sources, including 1) documents related to the family business sales process, 2) field notes from observations and informal talks to family members over time, 3) email history of communication between the top management team and consultancy services, 4) private conversations captured among family members, and 5) interviews with the

Figure 1  
The Alpha Sale Process Timeline





top management team after choosing the buyer and after the contract day. In addition to family members, 16 non-family employees worked in the family business. However, the top management team represented the observation unit during the sales process.

Table 1 presents the structure of the collected data.

One of the researchers was an insider who participated in ad hoc business activities when the top management team required reports, calculations, preparations, administrative work or consulting. The study can be hence characterized as a 'from within' study (Langley and Tsoukas, 2016). The insider researcher is a family member who supports the family business ad hoc. An insider researcher is of great value for the distinctive and unique context and access to sensitive data to follow such rare phenomena (Siggelkow, 2007). However, this could lead to potential bias in the data analysis process. Thus, other researchers participated in the data analysis process as an alternative to processing and validating the findings (Denzin, 2012). Thus, all authors participated in the data analysis process to question and reflect on the integration of various data sources and link them systematically toward the findings (De Massis & Kotlar, 2014).

The data were predominantly collected by the insider researcher. Two other researchers also designed

the study. They conducted an analysis to validate the evolving findings across the team to mitigate potential biases arising from the family's strong relationship with the CEO and financial manager, especially during the data analysis phase. Since data collection began, the insider researcher began to write a thorough description of the evolving family business sales process. As data analysis evolved, all three researchers progressed in iterations, switched to parallel coding, and analyzed the data with collective discussion. Parallel coding leads to agreement on data reduction, categorization, and findings (De Massis & Kotlar, 2014).

### 3.3. Data Analysis

The data analysis aimed to understand the dynamics of the family business sales process, specifically the family-business nexus. The data analysis followed grounded theory principles with the aim of theory building and development (Gioia et al., 2013; Glaser & Strauss, 1967; Locke, 2001). The case study focuses on situations, actions, events, and interactions among actors involved in the sales process. Data analysis began when we conducted introductory reflexive interviews with the top management team and received the first documents related to the sales process. As we continually added data, we set rules and identifiers for the col-

**Table 1**  
*Data Sources Table*

COLLECTED DATA AND DATA SOURCES	Time periods
ARCHIVALS AND DOCUMENTS	
Different kinds of proposals and contracts (with consultancy service and later with the buyer)	02/2018 - 05/2019
General documentation about family business organization	02/2018 - 04/2019
Family business status reports	02/2018 - 12/2018
Financial reports and statements	02/2018 - 04/2019
Business plan	09/2018
COMMUNICATION HISTORIES	
Email communication evidence with the consultancy service	04/2018 - 03/2019
Nonformal conversations among family members via Messenger	08/2018 - 01/2019
FIELD NOTES	
Field notes from family causal conversation (insider researcher)	
Field notes from observation from meetings with buyers	06/2018, 11/2018
Field notes from non-formal visits and conversation	06/2018, 11/2018
INTERVIEWS	
Reflective interviews with CEO and financial manager	03/2018, 05/2019



lected data in order to organize them into a database. We also started by writing a thicker case description of the process of evolution in chronological order (Eisenhardt, 1989; Yin, 1994) to facilitate a common understanding within the research team (Langley, 1999). We then progressively engaged in the iterative data analysis process as the family business sales process unfolded over time (Langley, 1999).

The data analysis unfolded in three main iterative stages. The first stage was the coding process, which identified initial concepts using an open coding process (Corbin & Strauss, 1990; Gioia et al., 2013; Saldaña, 2015). The first stage revealed that the family business sales process focused predominantly on selling the family business itself. Many codes related to legislation, contract proposals, contract conditions, contract deal formulation, financial reports, evidence of financial health, financial reports, and further reports provided status reports about the organization to all actors. Specifically, the codes within the documentation showed that various terminologies and formulations were used to define the meaning of sales initiatives. The interviews, emails, and chat evidence offered scattered codes in small chunks of text and hints reflecting family issues, commentaries, and notes across the process of family business sales. Thus, the first round of the data analysis process revealed the 1st order concepts that represented the comparison of the first data analysis stage, as shown in Figure 2.

The second stage of the data analysis revealed 2nd-order themes, as displayed in Figure 2, which reflect the main themes that transmit the entire process of family business sales. The iterative coding process revealed themes reflecting the meaning of 'sale in the process of family business sales, the reason for the sale, the driving criteria for sale, and uncertainties related to the potential sale.' Moreover, themes related to contradictions, contrasting values, doubts, and underlying overtones arose following the reasoning behind all initiatives by family members. As the data analysis progressed, the family business approached the contract day, and the stakeholders were caught off-guard, including the top management team, consultancy service, and researchers. The buyer unexpectedly withdrew from the deal on the contract day. The stakeholders' shock led to reflections on the entire family business sale process. The researchers then de-

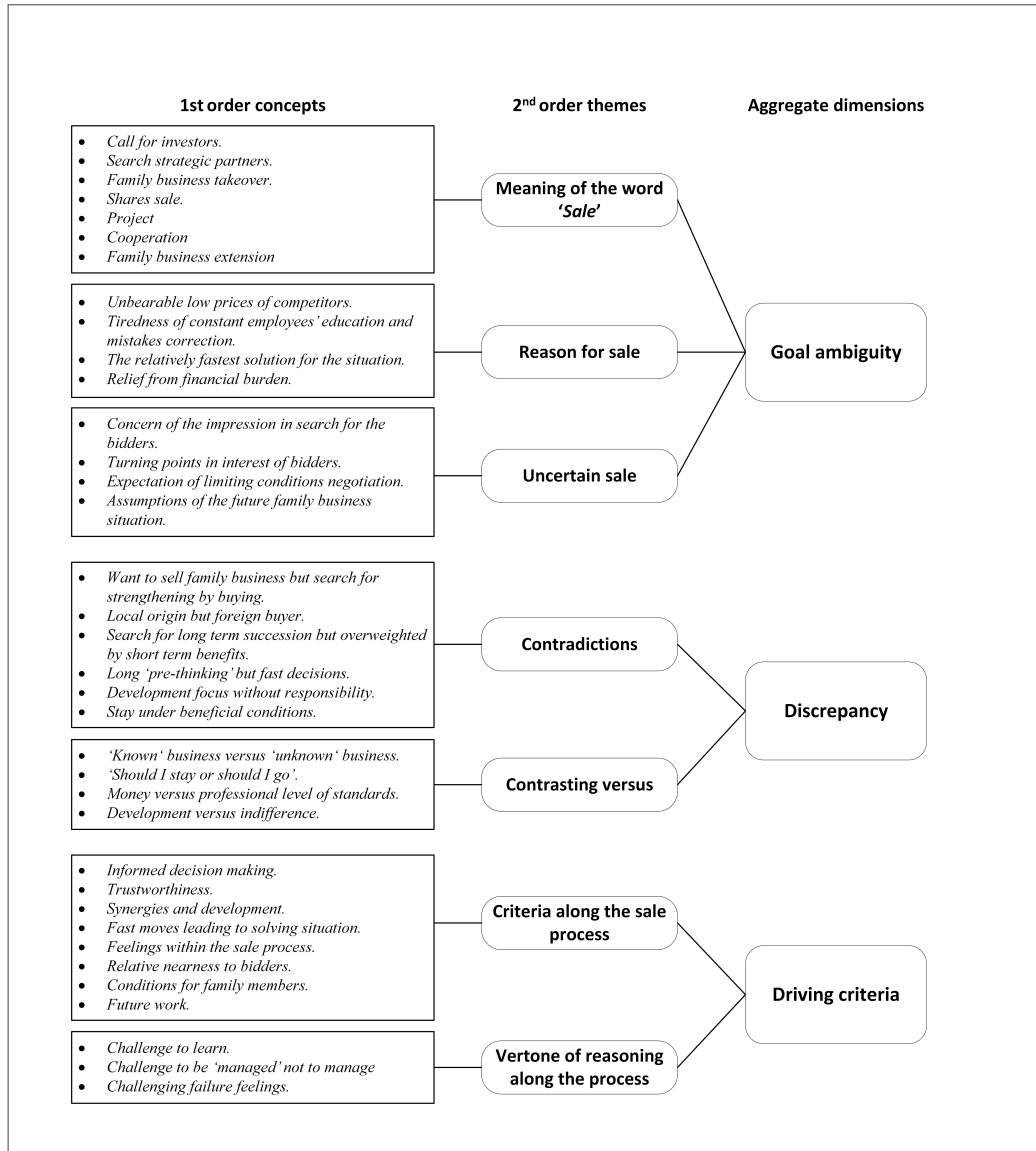
cided to return to the data. They went through the data again with a focus on capturing the family-business nexus more closely while being cognizant of the newly shifted situation.

The situation in the family business sales process impacted the last stage of the data analysis. Thus, the last stage of data analysis, with supported memos written over the data analysis process (Corbin & Strauss, 1990; Locke et al., 2022), revealed three aggregated theoretical dimensions: Goal ambiguity, driving criteria, and discrepancy. Figure 2 shows the final data structure of 1st order concepts, emerged 2nd order themes, and aggregated theoretical dimensions (Gioia et al., 2013).

In the final data analysis stage, we developed and validated an emerging theoretical model capturing the dynamics of the family-business nexus in an iterative theorizing process between the data and literature (Eisenhardt, 1989; Eisenhardt & Graebner, 2007). For this purpose, we used the temporal bracketing method (Langley, 1999) with constant comparison as replication logic across the processing period. We searched for the logic of bracketing that enabled us to divide the process into key periods, allowing us to examine how actions in one period led to the next (Langley, 1999).

The findings revealed four dominant milestones that represent crucial turning points in the evolving family business sales process and the dominant milestones that impact the dynamics of the evolving family-business nexus. Those milestones are connected to the business and the family part of the business, where business dominant milestones finally were 'Impulse to sell,' 'Interest of bidders,' 'Final financial deal,' and 'Withdrawal from the deal by the buyer.' Moreover, the family dominant milestones were expressions of shock in specific moments in the process of family business sale, including: 'Astounded by the idea to sell,' 'Surprised by the bidders' interest,' 'Overwhelmed by the final deal,' and 'Shocked by the withdrawal.' Further comparison of the data revealed theoretical dimensions across the dominant milestones, and the phases between milestones led to an emerging theorized model of disentangling the family-business nexus (Locke et al., 2022).

**Figure 2**  
Final Data Structure



## 4. Findings

Our study aimed to answer the research question of how the family–business nexus unfolds in the family business sale process. The theorizing process revealed two main insights into the evolution of the family–business nexus in the family business sales process. First, our findings provide insight into the neglected family-related part of the nexus from the perspective of dominant milestones. Second, we explain the disentangling of the family-business nexus within the theoretical model, capturing the dynamic shifts along the family business sale process enacted in the shift in commitment to the business and family along the family business sale process.

### 4.1. Neglected Family Part of Family–business Nexus

The revealed dominant milestones of ‘Impulse to sell,’ ‘Interest of bidders,’ ‘Final financial deal,’ and ‘Withdrawal from the deal by the buyer’ were much related to the business affairs of the family business and the sale process. Thus, we call these business-dominant milestones the family business sales process. However, through the iteration between data, case descriptions, and literature, we found complementary family-dominated milestones of overwhelming feelings directly connected to the four business-dominant milestones. Further comparison of business- and family-dominant milestones provides deeper insights into the dynamics of the family–business nexus within the family business sales process. Complementary views of both business- and family-dominant milestones are presented in Figure 3.

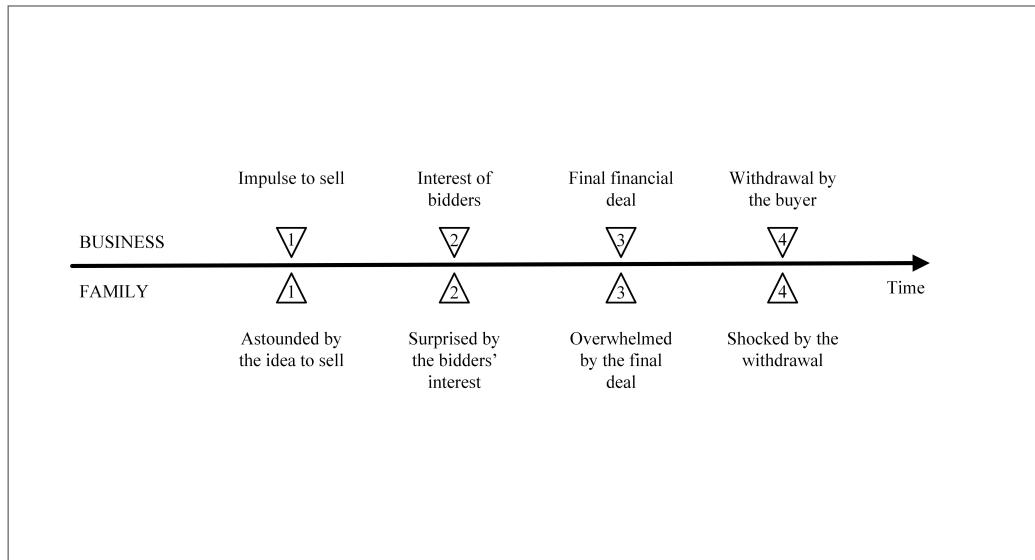
Figure 3 shows a comparison of milestone dominance and suggests what happens in the family business sales process from a less-known family perspective. Four family-dominated milestones, as overwhelming feelings within the process, influenced the family business sales process. The four family-dominant milestones complement the business-dominant milestones in the family business sales process. First, the business-dominant milestone, ‘impulse to sell,’ was when Alpha was asked to sell by the potential buyer, and the entire family business sale process began. Second, the interest of bidders when all of them attended the introductory meeting – an

action that signaled to Alpha owners that bidders were interested in buying them. Third, the final price and personal benefits for the owners are set, and the decision is made in favor of the buyer. Fourth, the deal falls through when the buyer withdraws the offer on contract day.

The first family-dominated milestone was related to being *Astounded by the idea of selling*. The market situation and ties to the family business were not sufficiently strong to consider selling the family business. The CEO saw the need to strengthen the position in the market, and he intended to do so by merging or attracting business partners or investors. The CEO said, ‘We realized that we have to solve the situation.’ The top management team pointed out, ‘We figured out it was high time to somehow not get rid of it, but strengthen it and possibly keep working there.’ Thus, the suggestion from one of the competitors about their interest in buying Alpha was absolutely unknown and unexplored but triggered a new way of thinking, which promised to solve not only the family business situation (growth of family business and the market shift) but also the family business succession.

The second family-dominated milestone relates to being *Surprised by the bidders’ interest*. This dominant milestone contrasts with the preliminary feeling of expected failure when family business owners send direct offers to potential buyers. Thus, the family business owners hired consultancy services that supported them but were completely unsuccessful in the first round of searching for potential buyers. The consultancy service addressed 11 foreign organizations, none of which replied. The top management team then felt uncertain. Therefore, they decided to control the search process for potential buyers on their own. They sent offers to six organizations, and the CEO said, ‘Yes, all of them replied with interest and came for the first meeting.’ The positive impression quelled the fear that any potential bidder would be interested in the Alpha family business. Moreover, the unexpected turn and interest of all potential buyers substantially increased their confidence in further negotiations.

The feeling of being *Overwhelmed by the final deal* represents the third family-dominated milestone. The final deal included a final financial offer and

**Figure 3***Business and Family Dominant Milestones Comparison*

conditions for family members, such as the promise of autonomy for the CEO and work for the financial manager. However, the joint effect of the promising price and offered conditions for family members of one of the finalist bidders suppressed previous preferred criteria, such as the set criteria of preference of the local bidder, language, and known environment (the top management team knew the market, competitors, and their internal organizational design and working style). The CEO commented, 'Yes, the finalists were both for developing the business; however, here they offered us superior conditions that the other bidder didn't offer. The other bidder offered only half of the conditions for the future versus this one.' Financial manager: 'And the other bidder didn't want me.' CEO: 'Well, the other bidder didn't want the financial manager; they wanted to consolidate and cut costs.' A promising deal and open conditions led to a rapid decision, and both owners agreed with the finalists.

The last family-dominated milestone was the underlying feeling of being *Shocked by the withdrawal*. The unexpected closure of the family business sale process, which evolved into a seventeen-month endeavor, radically impacted family members and left

the family business for themselves. The emotions and relationships among members were challenged and impacted; however, they decided to continue in their family businesses before the family business sales process began.

#### 4.2. Evolving Commitment and Family-business Nexus

The main findings relate to the hidden effects of family-dominated milestones on the dynamics of the family business sales process. The prevailing overwhelmingness and feelings within each phase impacted the evolving commitment from strengthening the family business to disentangling commitment between further business development and commitment to the family. The intense focus on the business as an object of selling within the family business sales process suppresses the importance of family involvement, family issues, and criteria. Figure 4 shows how the focus, predominantly on the business as an object of selling, limited the thinking of family continuity, especially after the final highly interesting deal was set and the details of further cooperation conditions and settings were negotiated. Figure 4 shows the shift from a commitment to the family

business and to business development toward a commitment to family continuity.

Defining the main business and family milestones distinguished the phases of the sales process between events: Looking for bidders, Choosing the buyer, and Deal setting. Within these three phases, we can see shifts in the following dimensions of the *ambiguity of goal* and *driving criteria* and *their discrepancies* as contradictions along the entire family business sale process (regarding the future of the family business, the business, and the family).

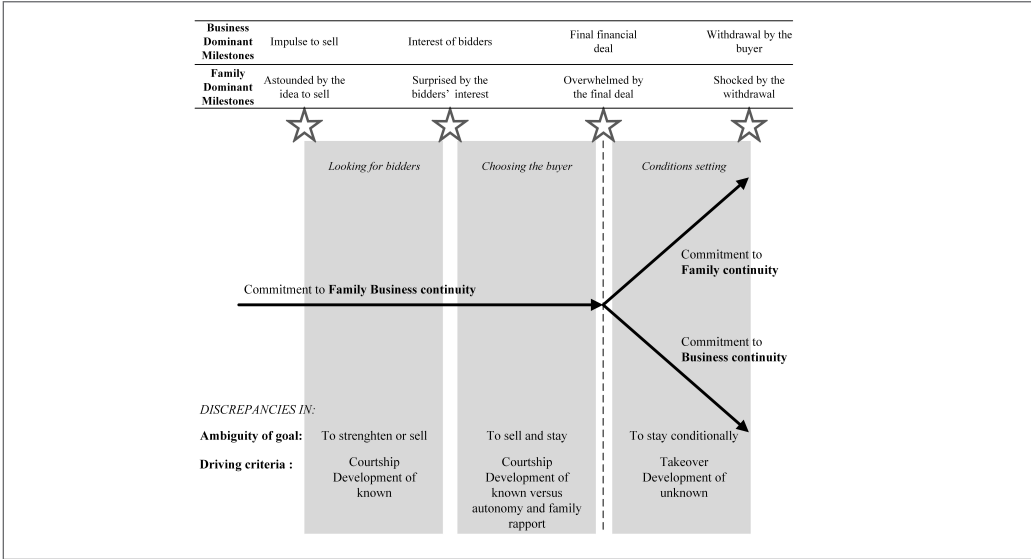
The *ambiguity of goals* relates to the shift in the meaning of goals from strengthening the family business toward maximizing family members' benefits. However, this does not mean that the shift was rapid; it evolved over a long period as the top management team interacted with other actors in the family business sales process. So, the CEO's primary goal 'to strengthen' was presented over all three phases but left unspoken and thus still impacted all the actions, decisions, and unfolding sub-activities in the family business sale process. Strengthening the family business position was an intended pri-

mary goal; however, it was visible that strengthening the position of the business was also the main intention when choosing among buyers and when conditions were negotiated.

The evolution of *driving criteria* drove the shift from family business continuity to family continuity, especially when the deal was set and further negotiations toward maximizing economic criteria and personal benefits were more evident. To describe this shift, we discuss our findings in comparison with Graebner and Eisenhardt's (2004) approach to the acquisition of courtship and takeover from the seller side of the acquisition. The driving criteria in the first two phases related to courtship, strengthening of the family business position, and further development of the family business, which is represented by a commitment to family business continuity, are visible.

However, after the promising deal and the promising conditions for the family, the family's economic benefits outweighed the combination of potential criteria (Graebner & Eisenhardt, 2004), which aligns with the goal 'to strengthen.' The pre-

Figure 4  
Disentangling the Family-business Nexus



vailing meaning and driving criteria of the goal evolved continuously after the final deal. This indicates that commitment toward the family business evolved (see Figure 4). According to Astrachan et al. (2002), commitment consists of three principal factors. First, personal beliefs and support of the organization's goals and visions - which, in the case of Alpha's owners, it is evident that their beliefs and support shifted from supporting the organization toward maximizing the benefits for the leaving family. Second, willingness to contribute to the organization, which was already relatively low at the beginning of the sales process (as the financial manager said, *'I'm not even enjoying what I am doing anymore. I'm constantly dealing with something, some nonsense'*) and evolved in even lower willingness to contribute and continue in the family business work, even though it would mean a higher financial reward. As the CEO said: *'Surprisingly, all three of us agreed on the first option.'* From field notes: the first option was agreed *'to take less money and leave the company after the sale as soon as possible,'* then the second option was *'get more money after six months of staying under new management'* which was perceived by the top management team as *'conditional option to deliver some business results, and we do not know how we will like to work under them.'*

According to Astrachan et al. (2002), the last principle of commitment is the desire for a relationship with the organization, which is apparent from previous top management commentary that their desire was deficient. Moreover, the evolution of desire frequently emerges from data. At the beginning of the process, the owner said, *'We found out it was high time to somehow not get rid of it, strengthen it, and possibly keep working there.'* In contrast, in the final stage of the process, *'We don't see it as being addicted to it or hooked into it and staying there for the next ten years. If it doesn't work, we'll go.'* Based on the principles of commitment, we can see the lack of clarity in the commitment to family business continuity that, together with the promising financial deal, personal benefits, and promising work conditions, led to the disentanglement of the family-business nexus from the family business continuity toward the commitment to family continuity

by letting go of the interests in the business itself. The key moment when the family-business nexus was disentangled was the final financial deal offer and detailed personal benefits for family members, which changed their sales perspective from courtship toward takeover behavior, as defined by (Graebner & Eisenhardt, 2004).

## 5. Discussion

Considering the proportion of the family business sector, it is surprising that the current literature does not provide deeper insights into development during the process of family business sales. As researchers call for a more detailed view of the process (King et al., 2022; Scholes et al., 2008; Worek, 2017), this study is another step toward a deeper understanding of family business sales. The sale process is generally informed by entrepreneurial exit (e.g., Aldrich, 2015; DeTienne, 2010; DeTienne & Cardon, 2012; Widz & Kammerlander, 2022). However, there is a lack of understanding of the emotional factors influencing entrepreneurial exit. The model in Figure 4 provides insights, particularly for family businesses, because it encompasses the importance of the interplay between the family and business sides of the process.

The study focused on the family-business nexus and its impact on the sales process. The family-business nexus, as a unique attribute of family businesses, has been neglected in the family business literature. Previous research has suggested that there are emotional transfers and vague boundaries between the family and business (Richards et al., 2019; Labaki et al., 2013), but it has not explored these boundaries and transfers. We contribute to their findings by identifying the milestones that provoke awareness of these boundaries and their demarcations. Our findings also extend the notion of Kurta et al. (2023), who found that non-financial value and a firm's socioemotional wealth may be the primary focus of owners. Surprisingly, we find that financial and economic concerns trigger disentanglement of the family-business nexus. In our case, the main triggers were the financial deal and the owners' reactions to the deal.

Our study also provides deeper insights into the intricacies of selling family businesses. The existing literature on family business sales indicates that selling a family business may be riskier (Feito-Ruiz et al.,

2016), and family businesses are more vulnerable in the process of sale (Sharma & Manikutty, 2005). However, the explanation of the causes focuses more on the business side of the story (e.g., De Massis et al., 2015; deTienne & Wennberg, 2016; Kurta et al., 2023; Widz & Kammerlander, 2022). Our study reacts to Madison et al. (2016), who called for more research on intra-family relations and the behavioral aspects of the family business. Our results reveal that business arguments may be surpassed by family relational arguments, putting owners in dilemmas that require either business or family sacrifices. The impact of family-dominant arguments increased as the family-business nexus disentangled.

## 6. Implications, Limitations, and Future Research

### 6.1. *Neglected Family Part of Family-business Nexus*

This study makes three theoretical contributions to the literature. First, the literature has neglected the family business sales process. Previous research indicates that family business sellers are more vulnerable to information asymmetry (Howorth et al., 2004), lack of experience with selling (Niedermeyer et al., 2010), or slower decision processes (Sharma & Manikutty, 2005). The results reveal that three business-dominant milestones in the process – the impulse to sell, the interest of bidders, and the final financial deal – are family-dominant, reflecting family emotions regarding business-dominant milestones. Family-dominated milestones bring a source of vulnerability: Unpreparedness for family-related aspects of sales. Important decisions during the process do not only have a business side, but each decision inevitably has a family side. When the family is unprepared, its members can easily become overwhelmed by the situation during sales. Hence, emotions enter the process beyond the expected continuation of family businesses (Ahlers et al., 2017; Kammerlander, 2016). Emotional overwhelmingness may significantly affect the sellers' decision-making.

Second, existing research has focused mostly on strategic reasons for selling a family business, such as financial situation, business expansion, or stra-

tegic alliances (e.g., Franks et al., 2012; Hirigoyen & Basly, 2019; Kurta et al., 2023; Meglio & King, 2019). Research on personal reasons has identified bad relationships in the family (Kellermanns & Edlestone, 2004), health (Akhter et al., 2016), and life situations (Krukowski et al., 2023). However, these studies consider strategic reasons to be the primary drivers of sales and treat them as static. Our study shows that the reasons are rationalized after the seller sees the first opportunity. Thus, attention should be paid to triggers because they nurture official reasons. The disentangling of the family-business nexus shifted the reasons and goals during the process, adding complexity to the reasons for the sale.

Third, our findings contribute to the literature on business acquisitions. Graebner and Eisenhardt (2004) develop a framework that delimits two distinct approaches to acquisition: courtship and takeover. Family firms prioritize non-financial goals that help fulfill their need for socioemotional wealth (Gomez-Mejia et al., 2018; Zellweger et al., 2012), representing the courtship approach. In this case, courtship was the initial approach to sales. However, this approach has evolved from courtship to takeover. According to Gomez-Mejia et al. (2018), financial and socioemotional wealth often involves a trade-off in acquiring another firm. In this case, we can explain this shift using two critical factors. Primarily, the conflicting needs between family and business disentangled the commitment to family and business continuity. Additionally, unpreparedness for financial deals brought overwhelming distraction from the original goals. Thus, this study revealed that these approaches may change as reactions to emotions and emerging situations in the process, making the original framework dynamic.

### 6.2. *Practical Implications*

One-third of family business transfers fail (European Commission, 2020). Our study demonstrates that preparedness for sale has two facets and that family business sellers must be prepared for both if they want to succeed. Family business owners looking for support by selling their company can utilize our findings about the sales process to make more informed decisions and prevent sales from failing. The literature



recommends hiring an advisor to help the family with the sales process (Mickelson & Worley, 2003). The advisor can help the business side of the transaction. The adviser primarily helps with the valuation of the firm because, owing to family involvement and overcommitment, the price perception of the business is often higher (Ahlers et al., 2017; King et al., 2022). This may benefit the family when the acquirer is willing to pay a high price to gain control of the family firm (Gonenc et al., 2013). Our results demonstrate that critical moments emerge in the later phases of sales. Therefore, we recommend maintaining the adviser throughout the entire sales process, and not only in the early phases of the sale.

The business side is often perceived as a crucial element; however, the family side can cause business transfers to fail. Our case involves family business owners who are concerned about the family side. The literature on intra-family succession proves that having a succession plan mitigates problems with succession (Wang et al., 2004). However, planning is much more difficult for businesses (Howorth et al., 2004). Based on our results, we suggest that planning a sale might help mitigate problems when both businesses and families are included. Such a plan may minimize surprise and preparedness at the time of the final offer. This plan mitigates diverting attention from important matters and prevents unexpected contract details.

Our results have implications for policymakers and professional organizations such as business chambers. Policymakers educate family business owners predominantly on intra-family succession. We argue that family business sales should be incorporated into the educational framework of family businesses. Family business owners may benefit from guidance on selling family businesses. Based on our results, such a guide should provide an overview of the entire process, emphasize both the business/economic and family sides of the sale and highlight the critical intricacies of the family business sale process. Generally, any attempt by policymakers to decrease the information asymmetry of unprepared sellers may increase the number of successful business transfers and increase survival.

### 6.3. Limitations

Having an insider researcher provides a unique opportunity to collect rich and original data. However, as

in every longitudinal study using participant observations, there is a strong risk of maintaining objectivity and observer bias. To overcome these limitations, we triangulate the approaches whenever possible. The other two researchers were independent, and all three researchers performed data analysis to validate the meaning of the data.

A single case study poses a risk, considering the heterogeneity of family businesses (McAdam et al., 2020), resulting in two boundary conditions for our findings. First, family businesses have different strategic plans and intentions regarding succession. Our findings are representative of those strategically unprepared for business sales. Statistics show that this figure is between one-third and two-thirds of all European family businesses (European Commission, 2020). Notably, unprepared conditions are prevalent in Central and Eastern European countries (Mošnja-Škare 2024). Second, the level of the family-business nexus varies. On one side of the spectrum lies enmeshed family businesses, characterized by high cohesion, high family member dependence, lack of personal separateness, and little private space (Labaki et al., 2013). However, the disengaged family-business nexus has rigid boundaries between family and business, and both dimensions are primarily concerned with their own needs (Braun et al., 2011; Labaki et al., 2013). Our case is an example of a strong family-business nexus.

Finally, the data for this study were collected in 2018 and 2019, which may seem outdated. Statistics on family businesses all over the world (Austrian Institute for SME Research, 2008; Campden Wealth Ltd., 2023; World Economic Forum, 2023) consistently report similar numbers of family business preparedness and transition failure rates for more than a decade. These statistics provide confidence that the study data are relevant despite data collection in prior years. Moreover, we capture the situation of the first generation in the context of Central and Eastern Europe when the problem of family business sales emerged. Recently, the problems faced by first-generation family business owners have become prevalent, emphasizing the relevance and topicality of our study.

### 6.4. Future Research

Our work opens new avenues for future research on the family-business nexus. First, although the in-

terconnection between the family and business is a unique attribute of family businesses (Eddleston et al., 2018), the family-business nexus is still in the development phase (Randerson & Estrada-Robles, 2023). Future studies should focus on the meaning and significance of the construct and the development and validation of a measurement scale to support researchers in attempting to gain a deeper understanding of the nexus. Second, future research could explore the effect of the level-family-business nexus on individual, team, and organizational outcomes during intra-family succession. Finally, our study suggests that emotions can be rationalized by concealing the original reasons and motives behind the decisions. Although recent literature provides some insight into the roles of emotions in family business succession (Bertschi-Michel et al., 2020; Lyons et al., 2024), the disguising of emotions through rationalization is worth further exploration.

## 7. Conclusion

For many entrepreneurs, selling a family business is a once-in-a-lifetime occasion that often makes sellers unprepared for the transaction. Sellers often face information and experience asymmetry because they do not have as much information and experience as buyers. Moreover, the interconnection between the family and business – the family-business nexus – brings emotional aspects into the process, as selling the business requires disentangling the family-business nexus. This study answers the research question of how the family-business nexus unfolds in the process of family business sales. The findings identified three critical family-dominant milestones during the sales process, which triggered dynamic shifts in commitment to business and to the family, leading to the disentanglement of the family-business nexus. The findings also reveal how disentangling the family-business nexus gradually influences the sales process. First, family-dominated milestones bring unexpected decisions to the process. Unpreparedness exposes owners to ambiguous situations that require new evaluation criteria. Second, disentangling the family-business nexus creates a conflict between family and business needs. In some situations, owners must choose between family and business. These situations reveal a discrepancy between decreasing commitment to the business and increasing commitment to the family. Ultimately, the dis-

crepancies between commitments may shift the goals for sale so that the owners may completely shift their approach toward the sale, in this case, from courtship to takeover. As such, this study moves forward with the family business and acquisition literature.

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