

The Siblings to Cousins Transition: Preparing Your Family Enterprise for Multi-Generational Continuity

By Michael Fassler and Seth Lapine, The Family Business Consulting Group, Inc.

In our advisory work with family enterprises, we regularly support families as they navigate the transition from sibling ownership and leadership to cousin ownership and leadership. Among the many transitions in the life cycle of a family business, this stage is often the most complex — and the most consequential. When approached with intention, however, it offers a powerful opportunity to establish the conditions for long-term, multi-generational continuity.

History matters. The ease or difficulty of the sibling-to-cousin transition is strongly influenced by how effectively the enterprise previously transitioned from founder control to sibling partnership. When the shift from single-leader authority to shared sibling governance is supported by clear structures, decision-making processes, policies, and productive communication norms, families are far better positioned for future success. When these elements are absent, unresolved issues often resurface with greater intensity in the cousin generation.

We have worked with families where founders — despite strong control instincts — recognized the risks of an abrupt transition. In one such case, a founder intentionally planned a ten-year transition to sibling leadership, investing early in governance, role clarity, and trust-building. The result was a high-functioning sibling partnership that sustained both family relationships and business growth into the third generation.

The move to cousin ownership typically requires further evolution of governance, renewed attention to family cohesion, and greater intentionality with discovering shared values and purpose (meaningful to the third generation). Cousins often grow up in separate households with different values, parenting styles, and relationships to the business. Levels of interest in ownership or employment may vary widely, while emotional ties to the enterprise often weaken over time.

The Sibling Partnership Sets the Stage

One of our client families was in the process of transitioning leadership and ownership from five siblings to over 20 cousin shareholders (six of whom were working in the business). The siblings reached a point where they were unsure whether family ownership should continue. After the siblings explored their options and desires for the business and aligned on continuity of ownership by the family, the third generation was engaged in a planning process about how they saw the future of the business.

The cousins began putting their fingerprints on the family's expectations for the future of the enterprise, including their commitment to multi-generational continuity. Their influence accelerated the business leadership transition, led to the integration of the third generation onto the board, and renewed their



commitment to family governance. These actions helped provide a clear line of sight to continuity to the fourth generation.

Businesses at the sibling-to-cousin stage are frequently larger and more complex. Many families own multiple operating companies and/or diversified investments. As complexity increases, it becomes less likely that family members alone can meet the enterprise's leadership needs. Successful families anticipate this reality by strengthening boards, engaging independent directors, creating environments that attract and retain capable non-family executives, and evolving their family governance to help ensure family connections.

Through our experience guiding families through sibling-to-cousin transitions, we consistently observe four key considerations that materially increase the likelihood of long-term success.

Vision: Whose Dream Is It?

The tools and motivations that help founders build successful enterprises rarely remain sufficient across generations. While a founder's vision often provides early momentum, subsequent generations typically require a shared and evolving purpose to remain aligned and engaged.

Engaging the rising generation in shaping the future vision of the enterprise helps foster commitment and shared responsibility. Without this engagement, families risk stagnation or disengagement as younger members struggle to connect to a legacy that feels distant or prescriptive. Structured forums, such as family retreats, provide effective venues for these conversations and allow families to define milestones that balance continuity with renewal.

Absent the opportunity for the cousin generation to put their fingerprints on the future, the likelihood increases that they become fatigued with the process of planning for continuity and, over time, may choose to disengage. The cousin generation having a voice and influence over the future is paramount to engagement.

Decision-Making Rights: What's the Deal?

As families move from founder-led to group-led systems, decision-making must become more explicit. This need only increases as ownership expands from siblings to cousins. Clearly defined governance processes establish boundaries around who or what group makes which decisions and under what authority.

Many families benefit from written decision-making matrices that distinguish between management authority, board oversight, and owner decision rights. Establishing these expectations in advance reduces ambiguity, builds trust, and minimizes the likelihood that inevitable disagreements escalate into damaging conflicts.

The Power of Choice: Family as Glue vs. Business as Glue

As ownership becomes more dispersed, not every family member will share the same aspirations for ownership, risk, or involvement. Healthy family enterprises recognize that ownership must remain a choice — not an obligation.

Clear exit mechanisms embodied in well-designed buy-sell agreements allow family members to step away from ownership without stepping away from the family. Separating family belonging from business participation protects relationships and ensures that remaining shareholders are committed stewards of the enterprise.

Expectations and Accountability

Clear expectations are the foundation of accountability. Families that explicitly define expectations across roles — as family members, owners, directors, or managers — create stronger governance and healthier performance cultures.

Participation of cousins in vision-setting, understanding decision rights, and operating within well-designed governance structures reinforces accountability and trust. Over time, these practices help families sustain both business performance and family relationships across generations.

Conclusion

The transition from sibling ownership to cousin ownership represents a defining moment in the life of a family enterprise. While the challenges at this stage are real — and often more complex than in prior generations — they are not insurmountable. Families who approach this transition with intention, discipline, and openness often find that it ultimately strengthens both their enterprise and their family system.

A thoughtful transition from founder to siblings typically sets the stage for evolving the relationships and structures from that transition into the tools a cousin generation will need for successful decision-making and management of a larger ownership group. In the absence of this earlier work, a family will likely have to undertake unwinding some bad habits and building the governance and practices they will need from scratch.

As your family's enterprise approaches or is in the midst of planning its next generational transition, no matter where they sit in their level of preparedness, with planning, patience, and intention, all of these challenges can be successfully overcome. Some may simply take a little longer than others to achieve.

Authors' Note: We'd like to thank our colleague, David Lansky, for developing the two insightful questions, "Whose dream is it?" and "What's the deal?" Additionally, we'd like to thank our firm's co-founder, John Ward, for his thought-provoking concept regarding the "Family as Glue vs. Business as Glue."

For a comprehensive treatise on the transition from Siblings to Cousins, we suggest the book by our founders Craig Arnoff and John Ward, from *Siblings to Cousins: Prospering in the Third Generation and Beyond*.

To learn more about our firm and how we serve families like yours, call us at (773) 604-5005, [email info@thefbcg.com](mailto:info@thefbcg.com) or visit www.thefbcg.com. There is absolutely no obligation.

The copyright on this article is held by Family Business Consulting Group Publications®. All rights reserved. All forms of reproduction are prohibited. For reprint permission, contact editor@thefbcg.com. THE FAMILY BUSINESS CONSULTING GROUP, INC. and FBCG are registered trademarks and the FBCG logo is a trademark of The Family Business Consulting Group, Inc. Reprinted from The Family Business Advisor®, A Family Business Consulting Group, Inc.® Publication.

