



Wealth: Transforming Negative Myths into Expanded Possibilities

**A NEW MINDSET AND TOOLS FOR FAMILIES TO DEFINE
PURPOSE FOR THEIR WEALTH**

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Wealth, Myths and Non-financial Capital

Can family wealth be toxic and disruptive to the rising generation, or is it a resource that allows and enhances family thriving and good works?

Negative myths and fears about wealth can short-circuit positive family engagement and generations working together.

As a family builds financial wealth, they can also expand non-financial, social, human and relationship “capital” within their family.

This session will focus on how a business family can engage across generations about the purpose of wealth and build non-financial wealth.

What Does "Wealth" Mean?

- ▶ Financial wealth? Only part of its meaning
- ▶ Wealth is also thriving, more than money...
 - ▶ Legacy, Spiritual capital
 - ▶ Human capital
 - ▶ Relationship capital
 - ▶ Social capital

Wealth must meet Basic Needs

Relatedness

“Do I feel meaningful connection to others?”



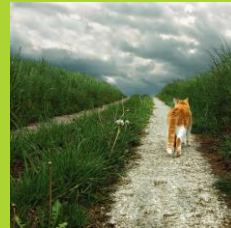
Competence

“Can I make significant impact with my skills?”



Autonomy

“Do I have control over my actions and choices?”





How does your Wealth Serve You?

How is your family's "wealth" both a positive force and a challenge in your life?

Common “truths” about wealth determine some of our choices. They need to be examined...

- We act based on our myths about wealth.
- Wealth myths seem rooted in wisdom, but often reflect bias or are simply not true.
- Myths are “limiting beliefs” in that they narrow our view of focus and options



Myth #1: Shirtsleeves to Shirtsleeves

...can happen to some families

...has happened to some families

...has happened to many families

...will happen to your family

Myth #2: Wealth is Easily Lost

- ▶ Only 13% of family businesses survive through the third generation
- ▶ 70% of wealth transfer's *fail*

John Ward (1987). Keeping the family business healthy.

Roy Williams and Vic Preisser (2003). Preparing Heirs: Five steps to a successful transition of family wealth.

Myth #3: Wealth is Toxic and Will Spoil Your Children.

- ▶ Heirs need to be protected by controlling access to it.
- ▶ You need strict rules (like incentive trusts) to preserve wealth.
- ▶ “They didn’t earn it so they won’t be as thoughtful and responsible as me”.
- ▶ “I’m giving our wealth away for your own good”.

Other Common Questionable Myths

- After \$75,000/yr, more income does not produce any increase in happiness.
- Wealth is mainly created by the first generation; later generations should work with wise advisors to preserve it.
- ❖ We are a dysfunctional family because we have conflict and disagreement.
- They're not ready,....not interested.
- One person should be in charge to avoid conflict.
- My Successor should be just like me.
- ▶ In-laws are "outlaws" and should be kept out of business activities and roles.
- Fairness requires treating everyone the same.

Society has Conflicted Views of Wealth

- ▶ **Wish fulfillment and resentment:**
 - Negative myths/hostile envy, “Shadenfreud”
 - Lose motivation and drive
- ▶ **How does that impact the wealthy?**
 - Feel anxiety and fear
 - Hide or deny it
 - Guilt: hard to feel pride



"Fear is the Mind Killer"

Fear Motivates...But not for thoughtful action

failure

fail

afraid planning

fear

dangerous

danger estate

loss

trustfund-baby

avoid

shirtsleeves

advice

Wealth 3.0 Emerges...

- ▶ Wealth is not good or bad
 - It is a complex set of conditions, principles, and challenges
- ▶ Wealth creates great possibility, and impactful choices
- ▶ Wealth is more than financial
 - Families value many non-financial actions
- ▶ Families are changing
 - Life is longer, and family take many forms
- ▶ Family business and wealth goals cannot be assumed
 - Families should define them for their lives, children and wealth

Appreciative Inquiry

- ▶ Focus on what is working, not what is not working
- ▶ Focus on future, not past
- ▶ No blame; what you can do
- ▶ Not a problem or single “cause” to fix
- ▶ Don't focus on problems
- ▶ Look for new options
- ▶ Seek support from others
- ▶ BHAG: Big resources = Big goals

An Empowering Wealth Mindset...

- ▶ More positive, based on strengths and resilience
- ▶ Balance in emphasizing purpose and empowerment alongside challenges
- ▶ Rejecting outmoded, questionable myths
- ▶ Learning from who succeeds, not who fails

Empowering Wealth Assumptions

- ▶ I trust my children because I have taught them what I have learned and believe and helped them get an education
- ▶ Wealth is a gift that will allow my children to form wonderful lives and serve the community
- ▶ Since I don't know what challenges my children will face, the best I can do is prepare them to make wise decisions
- ▶ I can reduce potential conflict in the next generation by teaching them how to work together with respect and compromise

Practices that realize Promise of Wealth

- ▶ **Positive Attention**

Selective, purposeful attention to strengths, possibility, balance

- ▶ **Balanced Motivation**

Maintaining vigilance not with fear but purpose and empowerment

- ▶ **Appropriate Openness and Transparency**

Advocating, educating about family communication, governance

- ▶ **Engaged Collaboration**

Develop voice and roles for everyone

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- Author, **Wealth 3.0; Borrowed From Your Grandchildren; Cross Culture; Stewardship in Your Family Enterprise; Rekindling Commitment; Working With the Ones You Love; Take This Job and Love It**
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