

# THE NAVIGATOR

*Charting your Course for a Purposeful Life*

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## **Next Gen Work Ethic**

This summer I was pleased to be invited by Alison Comstock Moss of the Purposeful Planning Institute to lead a discussion on Next Gen Work Ethic and its Impact on Managing Family Wealth. This is a topic that holds wide appeal, and what follows are the highlights of our discussion.

**What is the impact of next gen work ethic on managing family wealth?** A strong work ethic is based in the dedication to one's own goals and the feeling of one's own responsibility to achieve them. It is about working hard and pushing yourself through and past adversity when no one is watching or even taking an interest in your work. Most everyone knows someone with a strong work ethic who became successful even though they started from a place of modest means. When this type of strong work ethic is developed well in the next generation of wealthy families, the positives and their ripple effects can be limitless.

However, if the next gen work ethic is not developed well, the impact is – sooner or later – devastating. The damage is to *both* the financial capital of the family as well as to the human capital. Without a strong work ethic, the next gen in wealthy families tends to drift and focus on satisfying immediate gratification instead of setting worthy goals and then striving to achieve them. It is disastrous to the family financial fortune if nobody works, or very few people work, or if individuals take the dilettante route and merely dabble in work. This can be ruinous two or three or even five decades down the road, when in all likelihood, the family fortune has been exhausted. If offspring are allowed to grow up as only spenders, and don't even bother to get enough education to take charge of the work of wealth management, there simply will not be enough strength and protection to maintain the financial capital.

Since my training and background is in the psychology of wealth, I'm more focused on the devastating effect of poor work ethic to the human capital in the family. I'm an advocate for inheritors and my priority is to see offspring take charge of their lives and make their own mark. If you are born an inheritor, then accepting this and being a good steward of family wealth is necessarily part of your success. To take a look at the dark side, imagine you're born into a wealthy family. You have abundant privileges and advantages as a child and as a young adult, but you feel you have no need to work or even learn how to manage the family wealth. Then, you become the one who loses the fortune. What a humiliating picture when you're in your 50s and 60s and 70s to have to look back on your life and realize that your main legacy was to lose a lot of money.

Offspring in wealthy families [arguably] must be better trained in financial literacy than offspring in families of more modest means. *Ten Financial Tips to Impart to Your Child* is an outline of the steps to financial literacy and can be found on my website at [www.thayerwillis.com/files.lib/pdf/ten\\_tips.pdf](http://www.thayerwillis.com/files.lib/pdf/ten_tips.pdf). These steps work as building blocks and though it is easiest to start when children are young, it is never too late to begin. After you implement these building blocks of financial literacy, be sure that each of your young adults takes a university-level course in basic accounting. Accounting is the language of business and an important step in communicating with financial and legal professionals.



*The Navigator* is a quarterly newsletter for all who have an interest in wealth. The rich really are different, but not in the ways most people think. Many envy the wealthy and presume they have no problems, but in fact, they face unique psychological challenges. Thayer Willis, LCSW, wealth counselor, speaker and author of *Navigating the Dark Side of Wealth: A Life guide for Inheritors*, helps her clients develop the meaningful lives we all treasure.

Bring kids up in as “normal” circumstances as possible. This will vastly increase their chances of relating well to others as they become adults. Give them what Dirk Junge calls “a great starter kit: an excellent education, some money to start a business, some money to get started in a house, but not so much that they don’t have to work.”

**How is work ethic different in wealthy families?** In wealthy families, work ethic is both harder and easier to develop. It is harder for four reasons:

1. It is tempting to prioritize work low.
2. Vacation travel availability can be a problem.
3. Stick-to-it-iveness can be very difficult when there are no financial consequences to quitting and delayed gratification is often poorly developed.
4. The relative who created the fortune casts a huge shadow, which can be intimidating.

And easier for four reasons, as well:

1. Introductions leading to interesting jobs are typically more available.
2. There is more freedom to follow dreams and develop a sense of purpose without crippling financial consequences.
3. Usually education is more available and often encouraged.
4. Somewhere in the bloodline, there are inspiring examples of the rich rewards of hard work.

**What are the best ways to handle these differences?**

- Example, example, example. If you want your kids to work, one or both parents need to work. Example is the most powerful guide you offer.
- In addition to the example you set, use negative and positive examples of others as teaching tools.
- Again, bring kids up in as “normal” a manner as you can handle. For instance, give them chores, responsibilities, accountability, jobs, delayed gratification (saving money for something important helps them learn this), and coach rides in airplanes.

**What are the pitfalls?**

- There is a powerful temptation to give kids what you didn’t have. This is the most natural impulse in the world, and in a context of abundance it can be counter-intuitive to hold back. Yet, it is crucial for kids to develop their own hunger for life.
- A tough pitfall is the parental fatigue of going against the mainstream.
- Motivation can falter, wane or never thrive in the first place. The motivation challenge applies to both parents and offspring.
- Many families struggle with parental insensitivity, or preconceived ideas, to kids’ preference/definition of “work.” Sometimes we need to open our minds and hearts to be accepting of types of work we hadn’t recognized before.

**Steps to take**

1. Be the example you want your kids to follow.
2. Bring your kids up in as "normal" circumstances as possible.
3. Make sure your kids have summer jobs in high school and college.

At the risk of overstating the importance of work, for most of us, a career can be a tremendously fulfilling and purposeful aspect of life. Everyone deserves to have a chance at a great life, and for most of us, work is as important as our relationships. While it is easier to begin a strong work ethic as a child, it is entirely possible to embark on it as a late bloomer.

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