

**Passing Along the Work Ethic Through the
Generations:**

**Three Lessons We Have Learned from Successful
Families of Wealth.**

There is a cliché' among those who work with Single Family Offices: "shirtsleeves to shirtsleeves in three generations."

Like all clichés it is an overgeneralization and reveals an important truth:

The founder was the conscientious entrepreneur. The founder's success allowed the founder's children to attend the best schools and to become traditional professionals at the best law firms, accounting firms, and financial service organizations. They might be conscientious, but they lose the entrepreneurial spirit. The third generation loses both the entrepreneurial spirit and the conscientiousness. The wealth evaporates.

Stybel Peabody has been retained by family offices to work on career success for parents and young adults in families of wealth.

We have been intrigued by this observation by the “shirtsleeves” cliché and see it so often in our work.

And yet....

Some parents seem to effortlessly pass on the work ethic to the next generation.

Our Research with Families of Wealth

Three family offices allowed us to interview families where the work ethic had been passed on through three generations and five families where it was believed families had failed to pass on the work ethic to their children. Each family was told that Stybel Peabody was engaged in a general study about how parents manage the dilemma of dealing with discussions of money in front of children. These ten families do not represent a complete sample of the family of wealth population. But they do represent a starting point for more rigorous research.

Key issues to be discussed in this article:

- (1) the role of automobile time as a vehicle of socialization
- (2) bring homework and discuss it with your children in terms that they can understand
- (3) just because you can afford to outsource a parental task does not mean you should.

Leo's Four Children

The following story illustrates our findings:

Leo's father was a policeman in New York. Leo was admitted to Massachusetts Institute of Technology on scholarship. After graduation Leo worked at a software company. Eventually he left to create his own software company.

During the early days of Leo's company, there was a constant struggle between the time demands of a growing business and the financial demands of a growing family. Every weekday morning, Leo would get up early to make son Allen and daughter Betty their breakfasts. He would also prepare their lunch and pack it. Leo would then drive them to school.

Drive time was the only time Leo had the opportunity to speak with his children.

He would not allow them to listen to music on their headphones. He would not listen to the news on the radio. Leo would ask about their upcoming day. And he would tell them about his day, including his frustrations, joy and anger.

Sometimes Leo would give reports about success. And sometimes he would give reports about failure.

As the children got older, they would make suggestions to Leo and Leo would listen.

Leo's company became successful. Leo and his wife divorced. He remarried and soon he had a second set of children, Charles and Denise.

With more financial success, Leo could afford to have a full-time housekeeper make breakfast and lunches for the children. The housekeeper also drove Charles and Denise to school each weekday and picked them up. There was little conversation in the car as the children would listen to their favorite music over headphones.

According to Leo, Allen and Betty now have solid careers and he is proud of both. Betty has become a successful entrepreneur in her own right.

Charles, on the other hand, just goes from one low paying job to another. And Denise has become an "artist" whose work generates little respect or income. Leo still is providing financial support to both Charles and Denise even though they are adults. And he resents it.

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Lessons Learned:

The automobile has taken the place of the evening meal as the only time when the family can sit down and have discussions. We were impressed with the number of times

automobile travel figured into stories about children's success or failure.

In 21st Century suburban America, we advise families to view the automobile as both a vehicle for transportation AND a vehicle for socialization.

What Leo did correctly with his first family was use himself as a role model to show the drama, excitement, and failure of business. He made his business life something that children could grasp. Sometimes you win and sometimes you lose. And even if you lose, you recover and move on. It is a fascinating, emotional-driven game.

These were valuable life lessons Allen and Betty learned from their father. And they learned it because their father was driving them and would not allow them to be distracted by their mobile devices.

What Leo did incorrectly with his second family was to outsource drive time.

Leo's professional life became Magic/Mystery for Charles and Diane: they did not really understand what their father did. All they knew is that he was very successful at it. How could they ever follow in his footsteps?

A second lesson is to "bring your work home with you." Parents should talk about the daily ups and downs of their work in a place where children can easily absorb the information and then add their child perspectives. Listen to those perspectives with respect. This makes professional life less of a mystery.

Conscientiousness

Psychologists have long recognized that there are five core personality

The biggest of the Big Five is Conscientiousness. Research is clear and consistent that having this one trait is a minimum requirement for success at work.

People who score high on this trait are perceived to show self-discipline, act dutifully, aim for achievement, are organized, and are dependable.

We can assume that Leo was conscientiousness in his work life.

But what kind of conscientiousness did Leo demonstrate with his children?

In his behavior towards Allen and Betty, Leo was a role model of conscientiousness by preparing their breakfasts, their lunches, and taking them to school each weekday.

What did Leo do with Charles and Denise? He outsourced the work and thereby lost the opportunity to be a role model of conscientiousness.

The third lesson: can your children see you being a conscientious parent? Are you being the proper role model of conscientiousness?

You may be able to afford outsourcing certain parental tasks to others. Good for you that you can do that.

As a parent be aware that the efficient decision and the wise decision may not be the same.

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Stybel Peabody provides leadership and career success for valued corporate leaders and families of wealth. Core services: retained search, executive coaching, and executive outplacement.

For more information contact Maryanne Peabody at peabody@stybelpeabody.com

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