

Resolving the Rising Generation Paradox

How to reduce the tension between NextGens' desire to make a positive impact in society and their loyalty to their family's wealth legacy.

BY AMY HART CLYNE

Every generation has its defining moments, particularly for the youth who are coming of age. For the Silent Generation, it was the Great Depression and World War II. For Baby Boomers, it was the civil rights movement and the Vietnam War. For Gen X, it was the fall of the Soviet Union and the Gulf War. For Millennials, it was the war on terror and the Great Recession. For Gen Z, it is social justice movements and the COVID-19 pandemic.

These powerful, formative moments change the trajectory of how rising generations view the world and themselves. It's natural human evolution, but change

is hard. Varied viewpoints often result in tension between generations, and without careful attention and acknowledgment of how generations can bridge their differences, deep chasms in relationships can occur.

We see this shift happening among today's rising generation in wealthy families. One force pulls them to make a positive impact on society, while the other draws them to honor the legacy of the family enterprise. In some cases, these two forces work in tandem; other times they clash, as was the case recently when Abigail Disney again maligned Walt Disney Co. for furloughing workers during the COVID-19 pandemic after paying executives generously.

Recognizing the paradox of social good and family legacy

I see this play out with the families I work with, and I call this inherent tension the paradox of social good and family legacy.

Today's rising generation is more focused on issues like climate change and social inequality than their parents and grandparents are. They're questioning their families' role in creating – and solving – these societal challenges. Meanwhile, they have great loyalty to their families. In fact, four in 10 NextGen family business leaders say they want to assume executive roles within their family enterprise in the next five years, according to PwC research.

Therein lies the conflict. As members of the rising generation assume greater leadership roles, they're confronting a new narrative around generational family



wealth. That conflict is forcing families to reshape how they communicate and redefine business as usual. With a proactive approach where members of different generations recognize their differences and find common ground, conversations around social good and family legacy can be a net positive for families. Here are two tools families can use to support those efforts.

1. Elevate the purpose of family learning. The first step in addressing this generational disconnect should involve rethinking the role of learning in the family. In my work with Pitcairn's Gen 7 Project, the firm's thought leadership and learning lab, I define family learning as wealth education surrounding financial literacy, values and culture, decision making and communication, and philanthropy. It's important to deliver this knowledge in a variety of flexible and personalized formats.

This type of learning is the start of a powerful framework for rising-generation members as they take on more responsibility in the family enterprise and the world at large. True family learning gives younger individuals the skills and knowledge they need to contribute to the family enterprise and understand how their work impacts a greater legacy. They're empowered to support that legacy rather than fight against it.

For many families, the biggest challenge to family learning is figuring out where to start. At the recent Pitcairn Wealth Momentum Forum, family members and family office industry leaders identified "lack of time" and "lack of a clear path" as the most significant barriers to family learning. Luckily, it's never too early to put children on a formal path toward family learning. Research supports starting around age 7. Often, sharing family stories and incorporating games and "what if" scenarios about different challenges is a great first step. From there, consider developing a curricu-

lum and a learning process that address your family's individual needs.

2. Foster a unified family culture. The clash between social good and family legacy has the potential to splinter family culture, even within the most established multi-generational families. Younger family members are finding their voices. They're also finding more opportunities to question the values and traditions that have defined their families for generations.

That makes defining a family mission even more challenging — and even more crucial. The time families spend developing and evolving their family culture is nearly always time well spent. It's a chance to think about the big picture and to form deeper bonds. It's an opportunity to encourage younger family members to bring their ideals and priorities into focus. And it's an opening to incorporate new perspectives and bring the family into the future.

When done right, aligning on a mission can positively and directly impact the family enterprise and the legacy it creates. It's hard work, but it can ultimately help shape the future of the business and create a more engaged and committed set of rising-generation family members and enterprise leaders.

Finding common ground

The rising generation paradox will need to be addressed as families navigate the ever-growing role of younger family members. Those who avoid the topic risk deepening the generational divide. But those who focus on education and a set of values that is truly shared can better position themselves for success in 2020 and for generations to come. **FB**

Amy Hart Clyne, CFP®, is chief knowledge and learning officer at Pitcairn (www.pitcairn.com).