

The Paradox of Choice: Wealth's Impact on Family Potential

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KEYWORDS: Family Business, Family Business Consulting, family relationships, Help with a family business, Running a family business tips, Successful family businesses.

The book *The Paradox of Choice*, written by Barry Schwartz and first published in 2004, posits that people, in general, suffer a loss of happiness because we have too much choice in everything we buy, do, and experience. We're obsessed with choice; that's why we have scores of different pasta sauces on supermarket shelves. One would think that having choices would enable us to maximize our happiness by finding the one option that optimally fulfills our needs and desires. Unfortunately, when faced with too many choices, we find that we're more likely to be indecisive or end up longing for the things we didn't choose.

Further research has shown that too little choice is also problematic. Feeling forced into choosing from an insufficient selection of options can leave one feeling unfulfilled and cheated out of better options. The fact is that for each decision, an *optimal* set of choices can give the chooser a sense of control, which allows them to connect their identity to that choice.

Generational Wealth Presents A Paradox of Choice

Children growing up with generational opportunity face the same paradox of choice, but amplified. We tend to think that opportunity serves only to increase available choices. But when we think more broadly, it's not hard to see how increased opportunity can also limit choice.

A family business might provide the teenager the choice to not pack groceries as his or her first job. Access to family wealth might provide the choice to not work at all, in order to pursue other interests. Having a recognizable name or association with a famous family may open doors unavailable to others. These can be great advantages, but the downside of each of these opportunities is well known — entitlement, over-consumption, and taking the easy route. All of these are products of excessive choice.

But, while family wealth and opportunity can mean increased choice for young people, it can also be a set of handcuffs. A young person might feel pressured or obligated to devote their professional lives to the family enterprise, thus limiting their perception of choice. Along with family wealth or celebrity, a host of rules and expectations might limit individual choice.

So, the paradox: We all want to provide opportunities for our children because our intention is to empower them to lead happier, more fulfilled lives. Yet, the opportunities we're able to provide as parents and grandparents may have the opposite effect, providing either too many options or the perception of limited options.

One's Identity and Purpose Must Drive How Wealth is Used (Not the Reverse)

The challenge of successfully integrating wealth and opportunity into the lives and relationships of family members can be addressed by being purposeful and educated in what we call *Wealth Integration*TM—a process for discovering how wealth and opportunity fits the individual, not how the individual fits into the wealth or the opportunity.

*Wealth Integration*TM focuses on three core attributes of every individual: identity, purpose, and community. Helping individuals integrate wealth and opportunity successfully into each of these attributes changes the conversation from a focus on the wealth and opportunity, to a focus on the individual — viewing wealth and opportunity as **neither** universally good nor bad, just resources that impact available choices. When we know who we are (identity), where we are going (purpose), and with whom we will travel (community), we make choices that support our journey.

If there's one thing all parents want, it's for their children to make good choices. Wealth and opportunity often

complicate those choices. **Being purposeful about integrating wealth into the lives of family members and family relationships provides a valuable solution to the Paradox of Choice.**

Considering wealth and opportunity from the perspective of choice requires awareness, education, and development of certain skills to ensure that those choices integrate successfully into the identity, purpose, and community of each family member. Continuity Family Business Consulting's *Wealth Integration*[™] process assures that important questions are considered by families, both individually and collectively, and that families are aligned in how they choose to deploy and share the unique opportunities available to them.

Tips for Navigating the Paradox of Choice

- **Cultivate a Strong Sense of Identity and Purpose:** Encourage family members, especially the younger generation, to explore and develop a clear sense of their individual identity and purpose. This process involves introspection, self-discovery, and understanding personal values and passions. When individuals have a strong sense of self, they can make choices that align with their authentic goals, leading to greater fulfillment and a sense of control over their lives. Parents and grandparents can support this process by providing guidance and mentorship, rather than imposing expectations or limiting options based on family wealth or status.
- **Promote Responsible Decision-Making:** As wealth and opportunity can bring an array of choices, it is crucial to equip family members with financial education and decision-making skills. Ensure that children and young adults understand the value of money, the consequences of their choices, and the importance of responsible financial management. By fostering financial literacy, they can make informed decisions and avoid the pitfalls of excessive consumption or entitlement. Engaging in open discussions about money, investing, and budgeting will empower family members to make choices that support their long-term well-being.
- **Encourage Collaboration and Communication:** Address the paradox of

choice by fostering open communication and collaboration within the family. Encourage family members to discuss their aspirations, goals, and concerns openly and without judgment. This allows for a shared understanding of each individual's unique path and how the family's resources can be utilized to support collective and personal objectives. By working together, the family can create a supportive environment that respects individual choices while recognizing the collective impact of wealth and opportunity.

By following these tips, families can navigate the paradox of choice and ensure that wealth and opportunity are empowering rather than stifling. Building a culture of purpose, financial literacy, and open communication will help family members make choices that align with their identities, aspirations, and values, ultimately leading to a more fulfilled and harmonious family dynamic.