4 STAGES FOR DEVELOPING

Good Stewards of Wealth and Family Businesses

1. Early Development (Age 0-6)
2. Pre-Teen (Age 7-13)
3. High School/College Years (Age 14-22)
4. Their Own Journey (Age 23+)

The parenting and education we provide our children will determine whether or not they become good stewards of the assets we leave them. The approach must be consistent, thoughtful, and disciplined or it can backfire with unintended consequences. We want our children to live happy, productive lives, maximize their potential, feel accomplished, and achieve success in whatever positive passions they pursue. It is important to recognize that this might mean they don't follow in our footsteps or one day take over the family business, which may have been the initial dream. By being an active participant in the development and education of your children in the areas of family history, family business, money, investments, and the estate plan, it is easier to help them reach their full potential and take advantage of the opportunities you are able to provide. There are four distinct age groups to focus on for simplifying the process and identifying important lessons as well as the right time to teach them.

1. Early Development (Age 0-6)

It may seem there is little to teach children of this age group in the ways of the world because they are too young. However, the building of a strong foundation starts immediately. It begins with providing a warm and loving environment. Dedicating time and attention can be a challenge when young parents work full-time and when the family enterprises also require significant time and attention. Make the time for them, and it will make a world of difference. At this age, we lead by example. They see us working hard and being kind and generous to others. We teach them delayed gratification and the importance of sharing.

Toward the later end of this age range, we can start introducing the concept of money and the value of a dollar. With technology, it is increasingly more difficult to educate children about the exchange of actual currency. They see the credit cards swiped and the iPhones tapped on, and they think the things we want are obtained magically, with no effort. At around age 5 or 6, you can start giving your kids an allowance. This allows them to begin managing their own simple finances. They can save up for something they really want and purchase it on their own, and they will feel excited when they finally have enough to buy what they want.

Pre-Teen (Age 7-13)
A benefit of this age group is that good character traits are further developed. We want to nurture a strong work ethic, curiosity, generosity, and a fully functioning moral compass.

Many families wonder when the right time is to start teaching children about business and finances. There are lessons that can be taught at very young ages that don't involve spreadsheets and complicated math problems. Children in this age group will pick up ideas from their friends and from the media and come home with all types of questions relating to wealth and spending. The worst thing a parent can do is not take time to give thoughtful answers – or avoid these conversations altogether. Remember, we want to nurture both the curiosity and the parent-child communication that follows.

At this age, they are managing their savings from allowance. If they have allowed their savings to grow, it may be time to introduce them to the concept of investing. Buying a few shares of companies they know well, like Disney, Apple, Amazon, Netflix, and others, will not only help them increase their savings, but also provide them with exposure to the stock market. A basic idea of what causes the ups and downs of the market, how to achieve compound growth, and the ways in which world events that affect the economy are, to various degrees, learnable during these years.

Starting a basic business is also a great idea in this age range. The proverbial lemonade stand, in all its iterations, has been in culture forever and continues to teach lessons that foster an entrepreneurial spirit. It is important to make sure that children are involved in the expenses side of the business and not only the revenue side. Then, the real lesson is how to turn a profit. What price should we charge for each glass? Where should we set up the stand? It doesn't have to be the greatest kid venture of all time or something that lights up social media. A simple project that gives them small successes and lets them make their own mistakes will cement the lessons even more.

If a family business is in the picture, this is the right time to teach them about it: what it does, how it started, and where it's headed. Introduce them to key executives and valued employees. You will begin to see if they gravitate to it – or not.

High School/College Years (Age 14-22)
This age group presents parents with the most challenges but also the gratification of seeing their earlier efforts bear fruit. Life-impacting decisions will be made, particularly involving college choice and future career paths (matters that begin to be discussed between parent and child in even early adolescence). It is a fact that one's choice of school follows him or her the rest of their life. With all the variables involved, such as academic standing, costs, location, major, and legacies, it is important that channels of communication remain strong between parent and child. It is also important that the questions and expectations of both are honored.

Internships are a great way for high school and college students to work at and explore companies they want to learn more about. At family-owned businesses, this is the time to hire them as entry-level employees. For instance, a family that owns and operates a hotel chain traditionally has the kids start out in the housekeeping unit their first summer. While it is the least glamorous role in the operation, it gives them great exposure to an important side of the business, an appreciation for the hard work it requires, and a much less entitled perspective. If they perform well and receive positive feedback from their managers, they get to move on to another department the following summer. If they don't, they have to repeat and learn what it takes to move up. This is a valuable life lesson.

Their Own Journey (Age 23+)

With all the tools obtained from the prior three stages, your children — who are now adults — are ready to meet life's challenges head on. If you've paid close attention along the way and respected their individuality, your relationship with them will be strong and healthy. This is the time to sit back and observe the choices they make and the direction they go. You still have the ability to provide opportunities for them, whether in the form of business connections, a foot in the door, or maybe help with the down payment on their first home. However, for the most part, this is their own journey now. They will choose the career you envisioned for them or something more to their liking. They will come into the fold at the family business, or they won't. What we hope to have achieved at this point is shared values, an understanding of the family history, and a respect for family traditions. Ultimately, open and honest lines of communication is the goal. Let them know details of your estate plan and succession planning. We want our children to be good stewards of the assets they inherit by preserving, protecting, and enhancing them for future generations – and for those future generations to continue to do the same.

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