The impact of wealth inequality in Family Businesses

FBN-I Chapter Directors' Retreat

Geneva, 25th of January 2023

EFB EUROPEAN FAMILY BUSINESSES

WEALTH PERCEPTION SHAPES REALITY

WHAT WORDS ARISE WHEN YOU THINK OF…

WEALTH

RESPONSES FROM THE 1%

POSITIVE

- Success
- Hard work
- Freedom
- Luxury
- Fun
- Security
- Entrepreneurial
- Intelligent
- Daring

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RESPONSES FROM THE 1%

NEGATIVE

- Greedy
- Burden
- Inequality
- Guilt
- Unfair
- Gluttony
- Snob
- Entitled
- Selfish

RESPONSES FROM THE 1%

POSITIVE

- Success
- Hard work
- Freedom
- Luxury
- Fun
- Security
- Entrepreneurial
- Intelligent
- Daring

- Options
- Luck
- Responsibility
- Abundance

NEGATIVE

- Greedy
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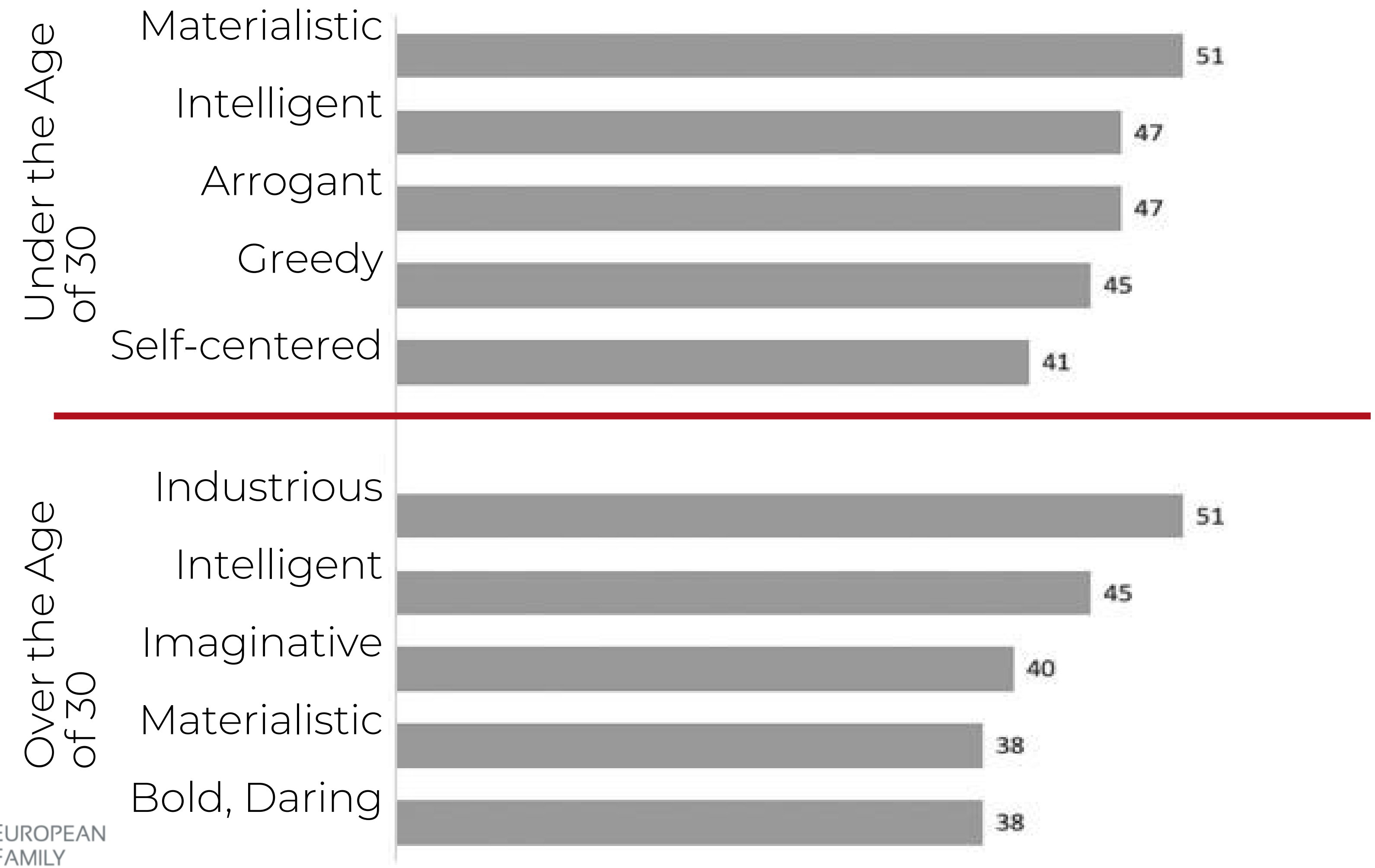
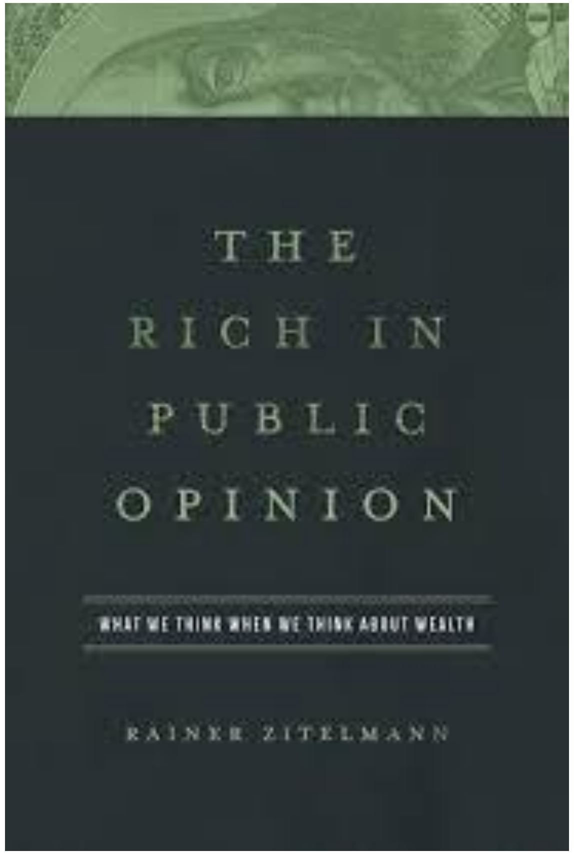
- Gluttony
- Snob
- Entitled
- Selfish

LIMITED RESEARCH HAS BEEN DONE ON WHAT PEOPLE THINK OF THE WEALTHY

Which of the following are most likely to apply to rich people?





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Question: ‘Which, if any, of the following are most likely to apply to rich people?’ Source: Ipsos MORI survey J18–031911–01-02, June 2018

THE WEALTHY ARE THE ONLY MINORITY GROUP TO RECEIVE HATE AND NEGATIVITY WITH NO BACKLASH

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WHERE OUR BIASES COME FROM

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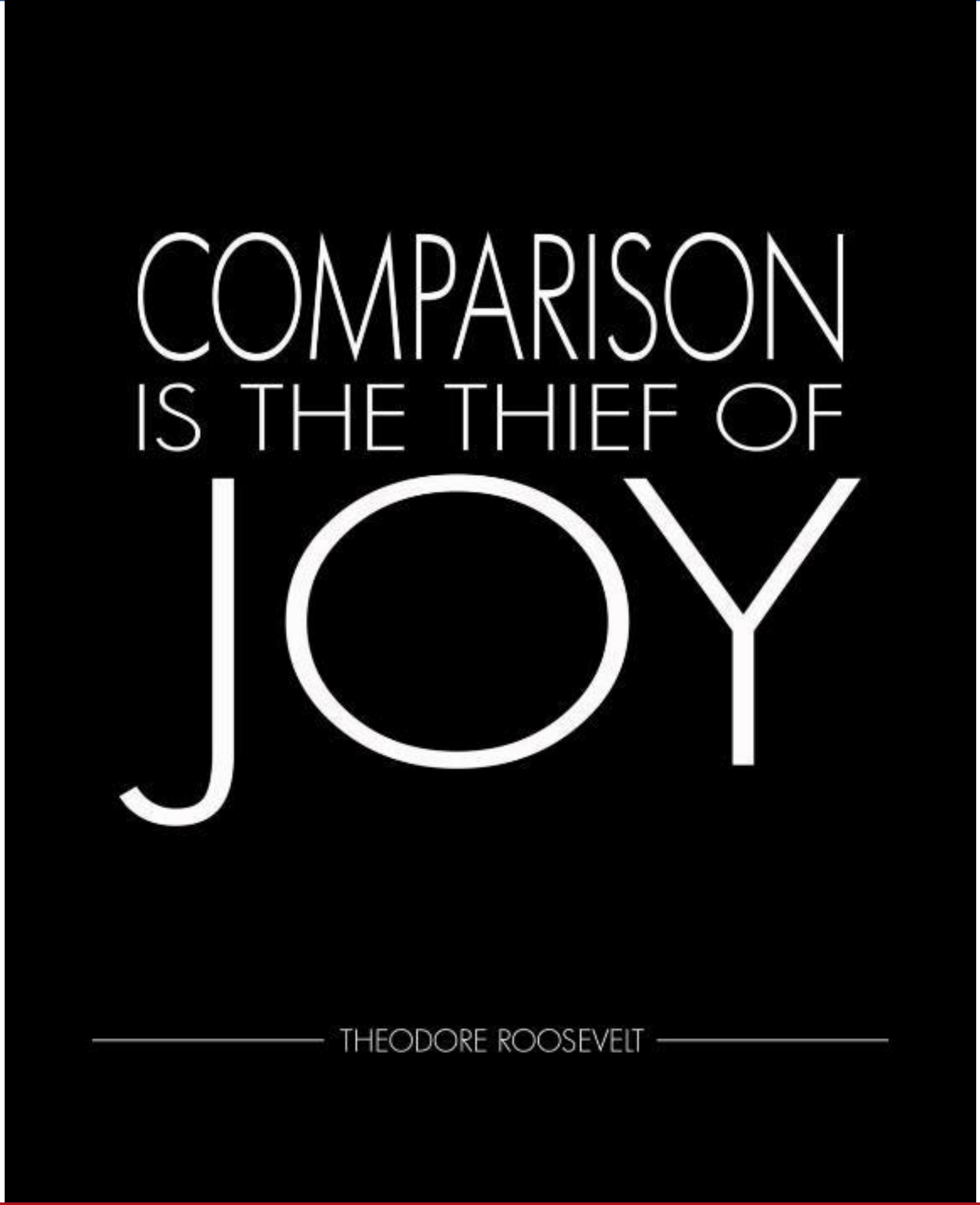
OUR LENS BEFORE THE INTERNET

OUR LENS TODAY


COMPARISON
IS THE THIEF OF
JOY
THEODORE ROOSEVELT

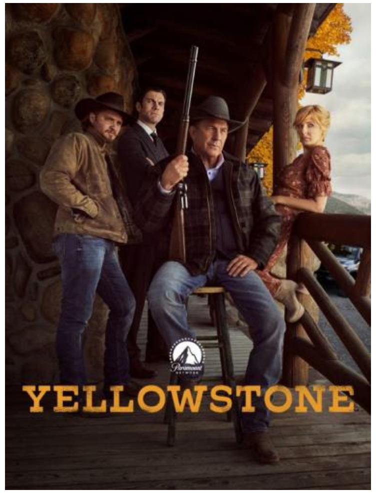
THE 99% DURING COVID

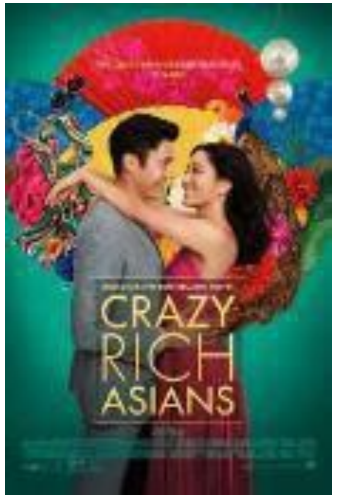
PERCEPTION OF THE 1% DURING COVID

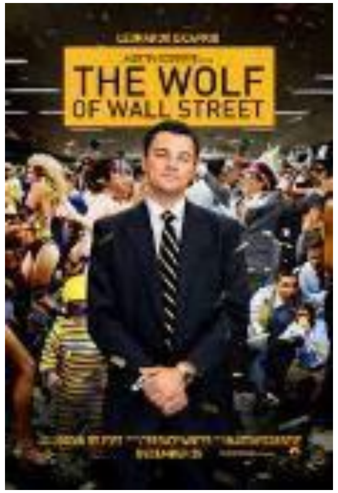
IT IS JUST NOT FAIR

UNEQUAL OPPORTUNITIES

CULTURAL INFLUENCES







WHAT IT FEELS LIKE TO CREATE WEALTH

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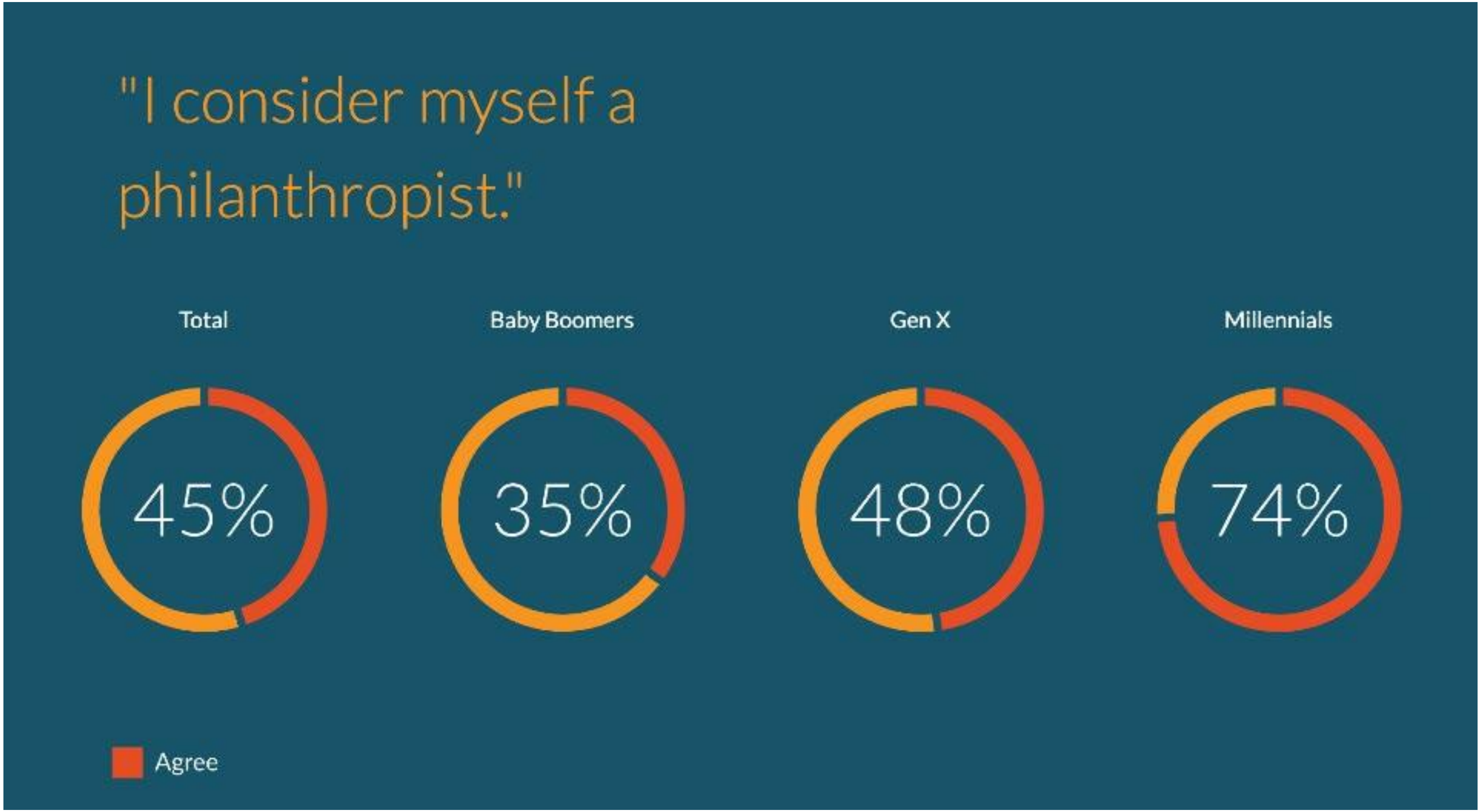
BEFORE & AFTER LIQUIDITY

Perspective and Actions of a Business Leader	Perspective and Actions in the Creation of a Single Family Office
Gain expertise and take ownership	Hire expertise and outsource ownership
Work on and in business	May struggle to do both or lack desire
Clear on the purpose of the effort	Purpose may be more defined by default
Hungry – driven – motivated - passionate	Often little passion or even interest in it
Not guilty when building it – guilty when selling it	Struggle with new identity, career, &
Outside board to challenge	Contribution Outside board to validate
Push the envelope	Status quo
Proactive – step back when losing interest	Reactive - complacent
Empower the family	Enable the family

WHAT IT FEELS LIKE TO INHERIT WEALTH

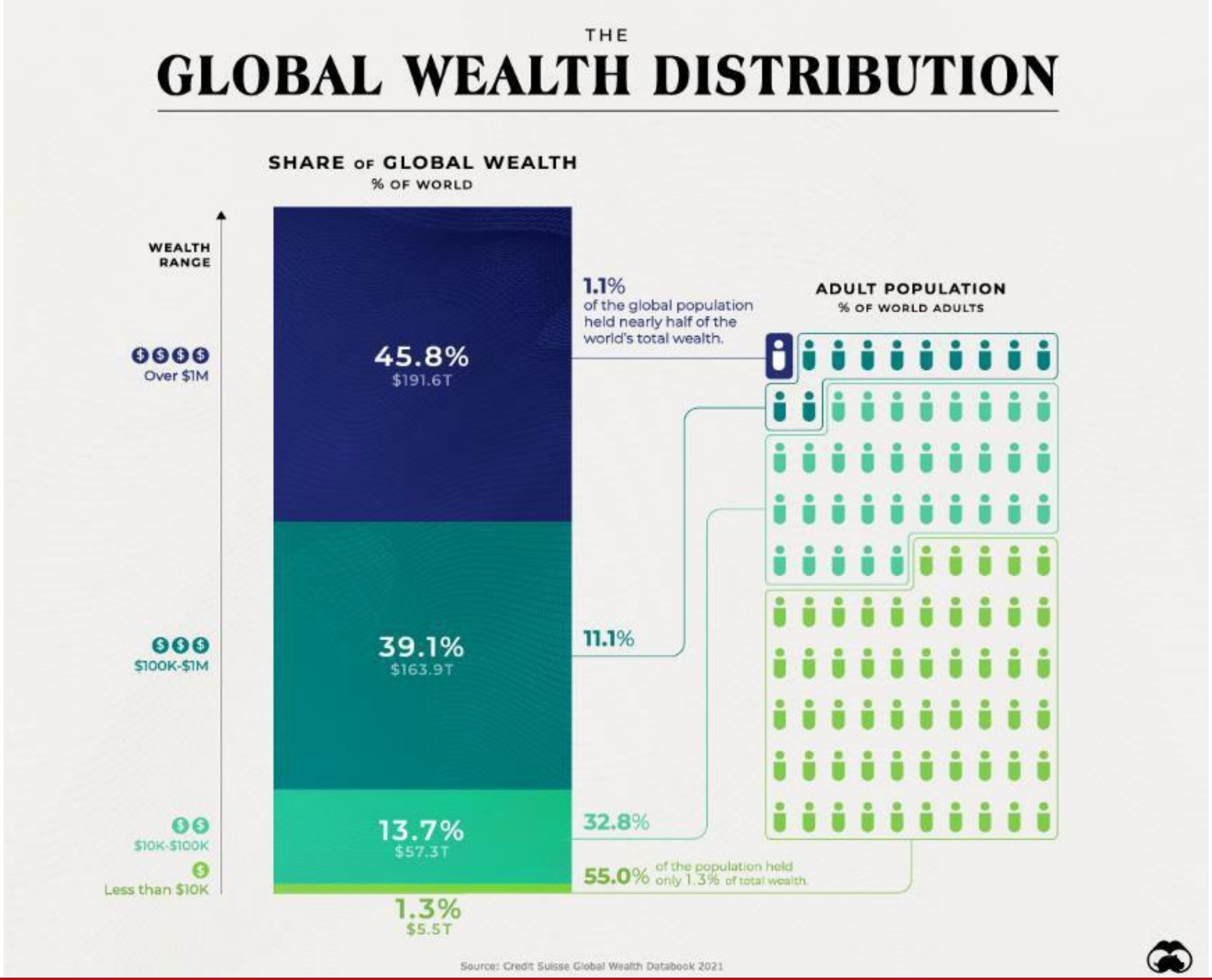

TAKE MY
iNHERiTANC
PLEASE!
TAX ME!
I'M A TRUST FUND BABY
Being RICH ≠ Being QUALIFI


"I consider myself a philanthropist."
Total
45%
Baby Boomers
35%
Gen X
48%
Millennials
74%
Agree

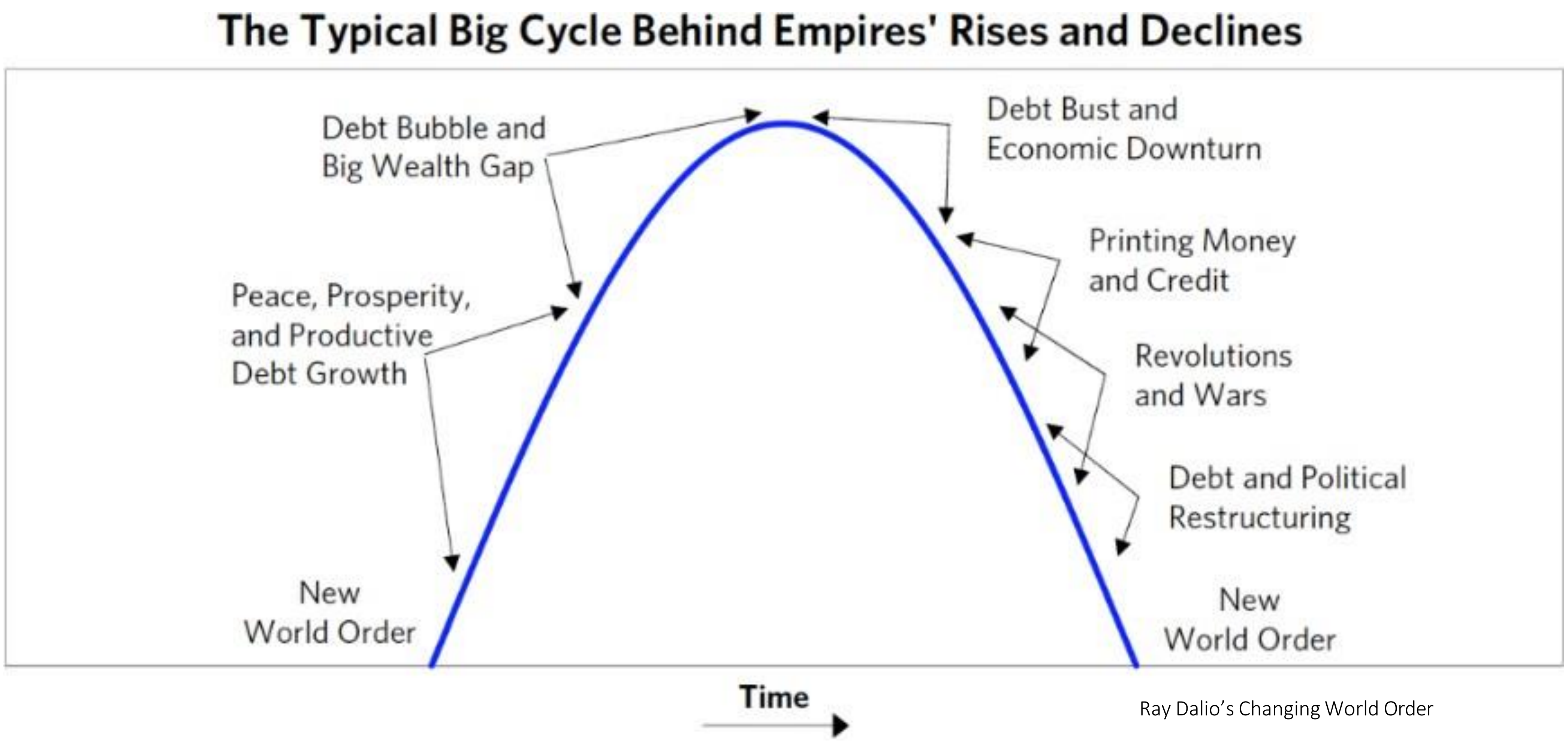
CALL FOR

CHANGE

EUROPEAN
FAMILY
BUSINESSES


THE
GLOBAL WEALTH DISTRIBUTION
SHARE OF GLOBAL WEALTH
% OF WORLD
WEALTH RANGE
Over $1M
$100K-$1M
$10K-$100K
Less than $10K
45.8%
$191.6T
39.1%
$163.9T
13.7%
$57.3T
1.3%
$5.5T
1.1%
of the global population held nearly half of the world's total wealth.
11.1%
32.8%
55.0% of the population held only 1.3% of total wealth
ADULT POPULATION
% OF WORLD ADULTS
Source: Credit Suisse Global Wealth Databook 2021

WEALTH INEQUALITY IS NOT SUSTAINABLE



Ray Dalio's Changing World Order

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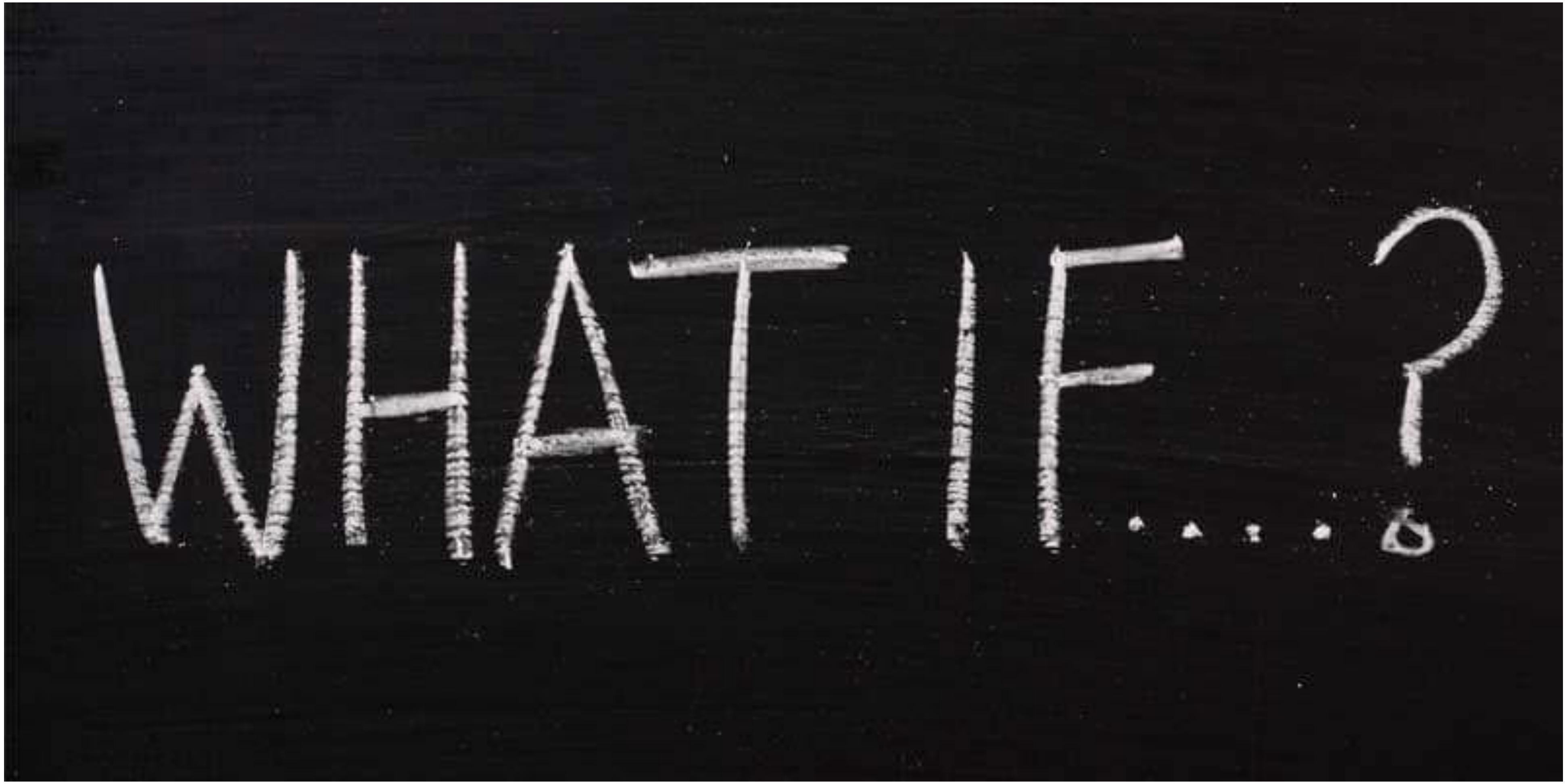
WHAT IF...?

Questions to consider

- What can owners and their advisors do to shift the paradigm and change their image?
- How can we make governments aware that ownership matters and that business owners are not the target to go against?
- What if wealth was defined differently?
- What if we redefine return?

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