

Money and Meaning

By David Lansky

Estate Planning in a Flat World

I recently read *THE WORLD IS FLAT*, by Thomas L. Friedman, the Pulitzer Prize-winning *NEW YORK TIMES* columnist. In this book, Friedman explores the political and technological changes that have created a “flat world.” In a flat world, what economists call “barriers to entry” are progressively eliminated, and individuals or companies anywhere can compete on a global basis. Friedman traces events such as the fall of the Berlin Wall, excess connectivity due to overly ambitious laying of fiber optic cable, the explosion of the Internet and the dot com bubble, and he explains how they have “evened the playing field” on a global basis. The development of “work form platforms,” *i.e.*, software that makes it possible for all kinds of computer applications to connect and work together, has allowed seamless cooperation by people working anywhere. Among other things, this has created the need for businesses to adapt more rapidly than ever to change, to embrace a diverse workforce, to emphasize employee education and training and to value effective cross-barrier communication.

Friedman’s book has received a lot of attention in the world of business. I am struck by the relevance this concept has for families and their advisors, particularly families who are engaged in estate planning, business succession planning and long-term financial and legacy planning. Just as technological and social forces have been operating on businesses to “flatten” the business world, similar forces have affected family life: *Families today live in an increasingly flat world.*

In the idealized traditional family, families are hierarchical (authority derives from seniority), and they are regulated by internal and external boundaries (there are rules governing the interaction of people within the family and regulating interaction with the outside world). Values, rules of behavior, social norms and expectations are formed within the boundaries of the family and are transferred from senior to suc-



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David Lansky, Ph.D., is the founder of Family Business Innovations. His firm assists entrepreneurs, families and financial professionals when emotional or relationship issues affect business operations or financial planning. Dr. Lansky can be reached at (847) 266-1000 or *via* e-mail at dlansky@familybusinessinnovations.com.

cessor generations. Outside influences are restricted by the existence of family boundaries (the equivalent of business' "barriers to entry"). Theoretically, estate planning for the traditional family could be guided more or less by a set of values embraced by senior family members which are passed on to their successors who are more or less likely to adhere to a similar set of values.

In contrast to the traditional family model, Marian Zeitlin and colleagues summarized the views of a number of authors regarding the evolution of what they called the "post modern family"¹:

- "[S]haped by pluralism, democracy, religious freedom, consumerism, mobility, and increasing access to news and entertainment. ..."
- Living in a society with "many beliefs, multiple realities, and an exhilarating but daunting profusion of world views—a society that has lost its faith in absolute truth and in which people have to choose what to believe. ..."
- Characterized by "adolescent indifference to the family's identity. ..."
- With permeable boundaries created by "interpenetration of home, work, and global media coverage ..."
- Living with technologies that "have created family turmoil and a sense of fragmentation, chaos, and discontinuity"

Thus, in the post modern family, the traditional family hierarchy is being flattened by exposure to outside influences, and family boundaries are quite permeable. These changes in family life are today being further accelerated by the technological and cultural factors that are creating a flat world for business. The accelerated "flattening" of families is shaped by many influences:

- The use of e-mail, cell phones and instant messaging by the *entire* family enables even young family members to connect inexpensively with others over great distances. This means that people are less dependent than ever on strictly family influences and have more potential exposure to, and input from, nonfamily resources. With regard to estate planning, for example, all family members can have access to financial information and advice that may previously have been solely within the purview of senior family members.
- Personal blogs (web logs), personal Web sites, podcasting and social networking Web sites (such as *facebook* and *myspace*) encourage the articulation of personal points of view and provide an

accessible route to open and public expression of one's views. This can increase polarization and solidify within-family differences as never before. For example, in a philanthropic family that I know, the younger generation has become very strongly connected to charitable causes which are anathema to the seniors, a situation made possible through social networking in which the younger generation has been engaged.

- Polarization within families is further accelerated by the ability to choose more and more concentrated exposure (through newsgroups, video on demand, consumer journalism, *etc.*) to individualized channels of news media, entertainment and affinity groups.

So, the flat world for families is characterized by a flattening of hierarchy, access to diverse points of view and potential polarization of interests and beliefs.

What relevance does this have to estate, financial and business planning? These activities are technical methods and processes that assist families to distribute their wealth in fair and equitable ways, and which make good sense from family, business and taxation perspectives. Now, here's the point: How much more difficult are these tasks when, in a flat world, there are many outside influences that permeate the family, when world views are increasingly diverse and articulate, where the senior generation is no longer at the top of an authoritative hierarchy of values? *A flat world increases the complexity and the challenge for families who are striving to distribute their wealth fairly and with as little conflict as possible.*

That's why values today matter more than ever.

To deal with a flat world, families who are engaged in business or financial planning need to create a response similar to the responses of businesses to a flat world. They need more than ever to articulate the shared values that could bind them as a family, to invite diverse participation from family members in formulating these values, and to communicate these values through the channels to which family members attend. This could include the following:

- **Recognizing** the need to adapt to a new world—setting this as a priority as financial and business planning proceeds
- **Embracing** diversity and encouraging the expression of divergent points of view within the family, since these views are likely to be articulated and expressed in other venues in any case

- **Reducing** “barriers to entry” by providing appropriate training and education to all family members so that they can employ electronic forms of communication
- **Investing** in the development of “work form platforms” such as family Web sites and family blogs to encourage the sharing of information and values that are relevant to family and business planning

These, I believe, are the adaptations that families need to make as they engage in estate and financial planning in a flat world.

ENDNOTES

- ¹ MARIAN F. ZEITLIN (ED.), STRENGTHENING THE FAMILY—IMPLICATIONS FOR INTERNATIONAL DEVELOPMENT (1995).

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