



Systems Thinking with Families

I have just returned from annual leave – a few weeks in Europe, thank you for asking. As you do, I ate and drank too much but I also read just the right amount.

One of the books I finally got to read was “Skin in the Game” by Nassim Nicholas Taleb, the author of “The Black Swan” and “Antifragile.” Like those books, it was a pleasure to be introduced to unique and courageous lines of thinking. For those in the Legacy Law Book Club, it is *Highly Recommended*.

Taleb is a trader, philosopher and intellectual so I did not follow all his arguments and discussions but I still got a lot out of this book. As with all good books, it challenged me and helped me incorporate my thinking from other sources. In particular, he challenged those of us who advise clients to “have skin in the game.” In the context of trading, he suggested the best question to ask of someone offering an economic opinion was, “Don’t tell me what you “think”, just tell me what’s in your portfolio.” I do not ask clients to do anything I would not.

He offers an erudite but deliberately anti-academic view of the world. It was funny to be in Rome while he was explaining the attitude of the Romans to risk. He also referred to Sextus Empiricus’ rule, “Those who talk should do and only those who do should talk.” Ironically, I had heard a version of this from GB Shaw, “Those who can, do; those who can’t, teach.”

I drifted back to my Roman Law studies at University College Dublin and was pleased that, while I did not study logic or probability, the rigour and precision of the Roman approach to a challenge would stand me in good stead. He quotes Lyncurgus, the Spartan lawmaker, who responded to a suggestion to allow democracy there, saying “begin with your own family.”¹

Taleb then admonished me for making a note for myself: “studying courage in textbooks doesn’t make you any more courageous than eating cow meat makes you bovine!”²

Cold comfort for when reading on a plane, he mentioned pilots³ and pointed out that those who do not understand the risks they take, fail to learn from their mistakes or understand asymmetry may kill many but also kill themselves, thereby removing themselves from the system. The system filters itself and learns from errors. Evolution only happens when risk of extinction is present. His point is that “skin in the game keeps human hubris in check” so that was uplifting!

In my work with family governance, I often see emotion dressed up as a considered opinion. He mocks those who they think they are taking rational positions when they do not understand the word. He critically filters thinking over centuries and concludes that “what is rational is that which allows for survival” and “anything that hinders one’s survival ... is, to me, *irrational*.”⁴ People, this is existential, not just semantics.

¹ Page 183

² Page 38

³ However, his reference to Prince Andrew’s courage dated the book a little – it was published in 2018. In fairness, his references at that time to Putin were prescient.

⁴ Page 220

I also re-watched the HBO series *Succession* on the plane where these concepts also revealed themselves in an even more entertaining form. I noticed that Gerri Kellman, the General Counsel to the company, listened to the eldest son Kendall Roy express worry about his father's capacity before asking what *he* did to manage the situation. The answer was nothing. It spoke to me. We all have opportunities to take responsibility for situations and not just moan to others. We all should have skin in the game with our own families. We all play a role in our evolution.



Like Socrates, we should not just listen to a person's answer but ask them what they think they meant by what they said. As a trusted adviser to my clients, I am proud to encourage them to be the best versions of themselves. Family discussions can be difficult but are iterative. Remember that evolution is slow, but ultimately worth it.

Coming back from leave can be depressing but this book inspired me to be more of myself in my work. I have skin in this game. Entrepreneurs, the outliers, are the heroes of this book. It was inspiring to hear that his advice to young people who want to change the world was to start a business and then use the profits they create to fund their passion projects.

He also covered recent political events and demonstrated that, while we think we live in a democracy where majority rules, it is actually the motivated stubborn minority who drive the creation of rules. I have disliked the idea of compulsory voting in Australia for this exact complacency. We need to be more questioning of what we are told and what we demand of people in power.

As I saw with my own eyes in Italy, old money is sticky. In Florence, "the same handful of families have kept the wealth for five centuries."⁵ While good for them, it has not helped the majority of the people and, as a result, the whole country. It is good to be in the New World where "shirtsleeves to shirtsleeves in three generations" is at least meritocratic. As he says, "The way to make society more equal is by forcing (through skin in the game) the rich to be subjected to the risk of exiting from the 1 per cent."

If we can all step up, our world will be a better place. While I was away, my editor has sent me a revised draft of my book, "Be A Better Ancestor" so watch out world!

⁵ Page 131