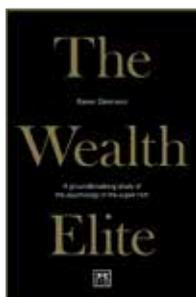


The Wealth Elite

BY RAINER ZITELMANN | REVIEWED BY KAREN O'HANLON TEP



PUBLISHER
LID PUBLISHING
ISBN
978-1911498681
PRICE
GBP25

AS SOMEONE WHO has spent much of a three-decade career working closely with ultra-high-net-worth individuals (UHNWIs), families and entrepreneurs in a trust and fiduciary capacity, I was keen to see what I could learn from Rainer Zitelmann's 'groundbreaking study of the psychology of the super rich'.

The book is split into two distinct parts. Part A assesses existing research and looks at some of the questions raised by behavioural economics and learning theories. Interestingly, it also attempts to explain the role of chance, something so often overlooked.

One of the highlights of this section is its examination of the role of intuition in decision making ('gut' decisions) as Zitelmann describes how valuable it so often is for entrepreneurs in the context of their work. By contrast, he points out how little used intuition is by corporate employees, who are often fearful of the consequences.

Part B summarises the findings of interviews with 45 UHNWIs, using a series of common themes such as risk propensity, motivation for self-employment and what money means to them. The overview and background provided in Part A serve to make this individual insight all the more useful, providing real-life context and a fascinating insight into the drivers and behavioural patterns of these highly successful people.

From my viewpoint, regardless of how wealth has been amassed, articulating what makes UHNWIs tick, and how they define their own goals, is invaluable when building relationships with future clients. This book identifies such key traits as autonomy, control, risk and non-conformism, thereby helping people in our industry to effectively align with UHNWIs as their trusted advisor.

There is clearly no universal definition of an entrepreneur, given the term's wide-ranging scope, but it is absorbing to see how higher-level education and social and home influences create an early entrepreneurial spirit. Participation, and particularly success, in sport features repeatedly in the interviews, both from a balancing perspective and as a competitive driver.

Especially noteworthy, and surely of great use to both trustees and investment managers, is how the author's findings, through the evaluations and hundreds of hours of interviews, overwhelmingly mirror the life cycle of risk. This is inextricably linked to the life cycle of the entrepreneur and, inevitably, how the risk appetite wanes as the entrepreneur matures and family responsibilities take over.

It was a shame not to see any mention of philanthropic drivers, although I am sure this will feature in future works. The other disappointment was that only one woman was included among the 45 interviewees (Zitelmann notes that the majority of the world's richest women inherited their wealth, and individuals who amassed their wealth through inheritance were explicitly excluded). Even in the short term, however, this will surely become questionable, as the latest research challenges this assertion.^{1,2}

In summary, *The Wealth Elite* is a more narrative-led book than many of the works reviewed in the *STEP Journal*, but nevertheless adds some variation to the modern practitioner's library, and is useful as we continue to refine our approach to UHNWI client management.

¹ www.theguardian.com/inequality/2018/oct/18/hundreds-joining-growing-list-of-britains-ultra-rich ² www.credit-suisse.com/corporate/en/articles/news-and-expertise/global-wealth-report-2018-women-hold-40-percent-of-global-wealth-201810.html



KAREN O'HANLON TEP
IS SENIOR DIRECTOR
- PRIVATE WEALTH
SERVICES AT JTC

