

FT Wealth Special Reports**Is luck the key to making money? Yes and...no**

“I had good luck” sounds much better than “I’m smarter than you”



Mark Zuckerberg told a Facebook Live audience: ‘You don’t get to be successful like this just by being hard-working’ © Bloomberg

Matthew Vincent 15 HOURS AGO

Which trio better understands wealth creation? Microsoft co-founder Bill Gates, Facebook boss Mark Zuckerberg and *Big Short* author Michael Lewis? Or Victorian showman PT Barnum, virginal chanteuse Madonna and TV oilman Bobby Ewing? Yes, out of *Dallas*.

If you chose the first three, because you admire their entrepreneurial skills, I have some bad news. All of them claim their wealth is, in some way, down to luck. Two recent books — *The Wealth Elite* by Rainer Zitelmann and *The Geometry of Wealth* by Brian Portnoy — suggest there might be something in this. Gates, when asked the secret of his success by author Malcolm Gladwell, said simply: “I was very lucky.” Similarly, Zuckerberg told Facebook Live viewers: “You don’t get to be successful like this just by being hard-working or having a good idea . . . you have to get lucky.” Lewis even urged Princeton graduates to “recognise that if you have had success, you have also had luck”.

Academics elsewhere also cite felicity as causality. When Swiss sociologists interviewed 100 wealthy individuals in 2009, many were “willing to ascribe much of their success to luck”. In a 2015 study of 160 German entrepreneurs and corporate leaders, Roland Hiemann concluded that “Captain Happenstance” might be a suitable name for “a majority”. Mihaly Csikszentmihalyi, the Hungarian psychologist who identified the concept of “flow”, found the same thing in his 1996

work *Creativity* “When we asked creative persons what explains their success, one of the most frequent answers — perhaps the most frequent one — was that they were lucky.”

If this comes as a blow to your self-esteem, how should you deal with it? Luckily — or rather not — both the new wealth books have some answers.

In *The Geometry of Wealth*, Portnoy, an authority on behavioural finance, tries to help people see that true wealth is “funded contentment” — which sometimes means accepting that “many of the good outcomes in our lives are due to the help of others as well as some element of luck”. A whole generation of baby boomers, he points out, has been “extremely lucky in terms of stock market outcomes”.

In *The Wealth Elite*, Zitelmann draws on interviews with 45 self-made millionaires and billionaires to identify deeper reasons. Most wealthy business people attribute success to luck, not because it is a real factor, but because serendipity deflects envy, he reckons. “If someone says ‘I had good luck’ it sounds much better than ‘I’m smarter than you’,” he explains.

Luck alone cannot explain wealth creation, Zitelmann argues, because those whose wealth is solely down to luck — lottery winners — typically lose it within a few years. His interviews lead him to believe that the entrepreneurial wealthy have a “special attitude and personality”. In this, he is supported by one of the 19th century’s bigger personalities, PT Barnum, who said: “There never was a man who could go out in the morning and find a purse full of gold in the street today, and another tomorrow, and so on, day after day. He may do so once in his life; but so far as mere luck is concerned, he is as liable to lose it as to find it.”

Zitelmann’s research concludes that everyone will have “a moment of luck”, but wealth creators know how to recognise that moment and make something of it. And to do so requires two other shared characteristics.

First, an ability to sell. Zitelmann says his interviews, unlike previous wealth research, reveal a common set of sales skills. Selling ideas is as important when trying to win over a single individual as it is when dealing with a huge organisation, he points out. He quotes Madonna’s manager’s understanding of this: “Her high earnings were not a product of any extra-special musical talent, nor were they the result of luck or coincidence; they were the product of an exceptional ability to position and promote herself”.

Second, an ability to deal with setbacks. Here, the self-made display a marked difference, Zitelmann finds. “Most people blame everyone else if they have a bad result; rich people blame themselves.” This drives them to work harder, reinforcing the adage that the harder one works, the luckier one becomes. Many have observed it down the ages: philosopher Seneca, American founding father Benjamin Franklin, golfer Gary Player. But none puts it better than actor Patrick

Duffy, aka Bobby Ewing in Dallas: “Good luck happens to people who work hard for it.” If only his character had worked as hard as he did.

Matthew is reading . . .

Artificial Intelligence and the Modern Wealth Manager, a report by Forbes Insights. But I suggest actual wealth managers should not read the study, to avoid having their feelings hurt. It finds that 67 per cent of clients think “my wealth manager should adopt some level of AI immediately”.

[Copyright](#) The Financial Times Limited 2018. All rights reserved.

Latest from FT Wealth

How easy or hard was it to use FT.com today?

[Leave feedback](#)