

Rags-to-riches stories often have more to them than what we hear

Devina Mehra | 12 February 2026



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SUMMARY

Entrepreneurs are often celebrated as self-made, but many come from privileged segments of society rather than the humble beginnings that make for good rags-to-riches stories. Family wealth, elite education, safety nets and networks tend to shape who gets to raise capital and take risks.

Which is the land that exemplifies ‘rags to riches,’ where you can be anything in the world? I am sure the US will come to mind. You know all those glamorous stories of college drop-outs, guys who started out in garages and made it big.

But dig into the details and the stories don’t quite hold up. To give a few examples: founders Jeff Bezos of Amazon, Mark Zuckerberg of Meta, Elon Musk of Tesla, Space X, etc, Bill Gates of Microsoft, Michael Dell of Dell Computer all came from privileged backgrounds... as did Warren Buffett of Berkshire Hathaway.

The ‘merit’ argument that anyone can make it always tries to downplay privilege because those who make it usually have it. How does privilege work? Let me count the ways.

The first obvious one is quality education. For example, Bill Gates’ school was one of a handful in the world with a computer back in the 1960s. Who your parents are and what they can afford is usually also a determinant of the university you can go to—never mind whether or not you drop out of it.

Then a part that is often not talked about is parents’ financial support for one’s business in its early days. Bezos’s parents invested nearly a quarter of a million in his business 30 years ago. Zuckerberg started with \$100,000 from his father. Dell and Phil Knight of Nike also got seed money from their families. In hindsight, it is easy to call it loan or equity investment, but we know how much due diligence would have gone into these.

Economists Ross Levine and Rona Rubenstein of the University of California at Berkeley did a study in 2013 that looked for shared traits of US entrepreneurs and found that most were Caucasian, male and highly educated. “If one does not have money in the form of a family with money, the chances of becoming an entrepreneur drop quite a bit,” Levine said in an interview.

Nor is this a US phenomenon. A study by Israel’s ministry of finance reported in *The Guardian* said, “There is a strong connection between your parent’s income and your chances of becoming a startup entrepreneur, with those from a strong financial background having a higher chance of becoming entrepreneurs.”

This study, which used demographic, academic and financial data from Israeli entrepreneurs aged 25-35 and their families, found that parental income was the most important factor determining the likelihood of starting a business. It also found that even those who scored lower on math tests but came from a family with higher income and wealth had a bigger chance of becoming entrepreneurs.

The third aspect is not just financial investment, but a stated or unstated cushion to fall back upon—meaning you can take risks with a startup because you can afford not to earn for a while or have enough family wealth to ensure that you won’t be out on the streets if the venture fails. Musk comes to mind. “Having strong financial support can help someone who is interested in setting up a startup and providing a financial safety net in the case of failure,” said the report.

Then there are networks. Gates’ mother was on the IBM board, for example, which gave him his first big break with MS-DOS. Privileges are of many kinds and operate in many other fields too, including Bollywood. From Amitav Ghosh’s *Smoke and Ashes*, it is also apparent that most of the ‘old money’ in the US, the so-called Boston Brahmin families, owe their initial fortunes to the opium trade of colonial times.

But while Americans going to China were by and large poor, they had something very valuable—wealthy relatives. They were mostly poor nephews and cousins of

rich men ready to fund their adventures. That is not very different from venture capital networks today on the US West Coast, where it is nearly impossible for an entrepreneur to even get a proper hearing without ‘knowing’ somebody in the system.

Occasionally I see on Indian social media people recounting how their parents were poor and their education was funded by someone in the extended family or community. Almost all of them belong to the ‘right’ caste. And while many underline their lack of wealth, they mostly turn a blind eye to the big enabler in their lives—access.

Of course, not all those with privilege build world class companies in competitive fields. Privilege may be neither a necessary nor sufficient condition for success, but it is doubtless a starting advantage, including in fund-raising.

Unfortunately most of us refuse to acknowledge our privilege, whether it is class, wealth, caste or gender. Attribution bias nudges us to attribute our successes to ourselves. Buffett has been one of the few exceptions who have acknowledged the birth lottery of being born “white”, American and male.

Even though I did not come from generational wealth, I certainly had enough cushions available when I started my own entrepreneurial journey three decades ago. An education ensuring I could get a job anytime I wanted. Parents who would have been more than happy if I had given up working and gone off to do a doctorate. I had options many others did not. The very fact that I grew up as the child of two professors in a home full of books has given me a life-long advantage in a country where many are first generation learners.

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