Back in 1986 Warren Buffett, middle-aged and already very successful, defended his decision not to pass on the bulk of his wealth to his children. 'They should have enough money so that they would feel they could do anything, but not so much that they could do nothing,' he told Fortune magazine. It's a pithy expression that summarises the approach of a growing number of successful entrepreneurs and families. It also highlights the decisions facing families where the outgoing generation want to be responsible parents, and where inheritors desire a sense of achievement on their own terms.

To be successful, wealth transition needs to be more than a transfer of money. Successful, long-lasting dynasties have taught us that the key is, first and foremost, to nurture and prioritise values and education, with wealth preservation very much in a supporting role. Indeed, delving into the issue of the wealth of a family and its transfer to the next generation, one quickly realises that this is a complex issue encompassing a family's values and the process of the transfer, as well as the fortune itself.

A high proportion of family wealth and family firms fail to be handed over to the next generation, and much value is destroyed in the process. Nonetheless, the aggregate wealth passed on by families runs into the trillions, making the preparation of the next generation for the responsibilities of wealth an important issue.

There is now a body of evidence that shows how wealth is transferred successfully within a family. It is well worth sharing these insights, in particular because some of their behaviours are counter-intuitive. One of the most striking is that the leaders of such families seek to serve, rather than be masters; they tone down their egos. They see themselves as stewards, rather than overlords. They emphasise the transfer of values ahead of the transfer of wealth, and they prioritise education. Wealth becomes the means, not an end in itself.

At the heart of this approach lie values that are timeless; the families will not compromise on them in order to secure a deal, or seek short-term profits. They recognise that with great wealth comes great responsibility, and often sacrifice.

Inheriting wealth may seem like a blessing to most observers. For the next generation, however, such an inheritance may present more challenges than expected, and come with mixed feelings and considerable psychological impact. Career choices can be emotional and complicated. Questions that are often asked are: Why should I hurry to find a job when I have all the time in the world? Can I choose a career outside of the family group without hurting my parents? Do I have a right to work and earn my living, or will I be blamed for stealing the job of another person?

‘Wealth becomes the means, not an end in itself’

Other feelings and behaviours are often observed. There can be a sense of entitlement to an inheritance and a good income, or a feeling that the inheritance is a burden and a barrier to a freedom of choice or of a lifestyle – and at times there may be a desire to reject it all.

In the most successful families, these complexities are dealt with by emphasising dimensions other than wealth-generation. For the families who have a business to run, perpetuating a thriving business is seen as a creative process – it can be likened to a work of art. Viewed in this way, the responsibility of both the founding and succeeding generations is to be responsible curators. Leading and managing the company then becomes an exercise in shared custodianship, with responsibilities often shifted gradually from one generation to the next. And in practice, many firms thrive because the different generations cooperate closely. For wealthy families perpetuating a spirit of entrepreneurship, or a spirit of social responsibility, may become the centre of attention over generations.

Too often, money is a taboo subject in families, especially if the wealth is substantial. A taboo is never helpful, and prevents essential conversations on how financial well-being is nurtured by setting priorities and making good decisions, or on the fact that wealth is finite. Such conversations may sometimes be difficult, but they can prevent bigger problems later, and can be accompanied by more formal education on finances: savings, investments, interest rates, how the banks and equity markets work, and so on. While parents will play the dominant role in such education, the family office can also contribute as children become older.

Children do as they see, much more than as they are told. If parents make sensible financial decisions, plan for the future, make long-term investments, are grounded and enjoy the pleasures wealth brings along, then these are habits likely to be passed on. Wealth generates confidence, but this can be extremely brittle without accompanying values and self-esteem. Parents should seek to nurture inner self-confidence – a sense of self-worth and an ability to cope with life’s more challenging circumstances.

Most important of all it is for the next generation to take charge of their destiny with pride and passion. Once they fully acknowledge and accept their circumstances, they can positively turn to building a life that brings them inner peace and genuine happiness. To achieve this, they need to find a sense of purpose, use their wealth to create and accomplish in their own terms. This will lead to achievements they can feel proud of, building their self-confidence. Over time, they will realise their own potential and embrace the opportunities that wealth and responsibility afford them.

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