
10 Things you need to know about Partnerships Before Becoming One

You're considering setting up a partnership as it looks like the best way to go but have you considered all the pitfalls alongside the good? No? Here we'll try to help you think clearly about this and establish if this is a decision that guarantees business growth or a sure-fire way to business disaster.

1. The Pros and Cons

For sole traders there may come a time where they get the opportunity to join forces with another business or bring on board a partner. This can seem quite attractive as this can mean sharing the load, more time to do what you love and less time on niggly little jobs that you dislike. It could involve bringing onboard additional skills and knowledge that will allow your business to grow or diversify. Whatever the reasons, you must take a step back and really consider the pros and cons, take on board associated risks, and not just look for the benefits that you hope this partnership will achieve.

2. Liabilities and Debts

This should be the top thing you consider, as a partnership you and your partner (or partners) will take a shared responsibility for the business losses, as well as liability for any debts, even if they are incurred by the other partner. This can place a lot of stress and impact on your personal finances too. The flipside is strength in numbers and financial investment from more than one party.

3. Autonomy, or Lack of

Up to now you have been able to choose the direction of your business, where money is spent or invested and how the business evolves. Yes, making decisions on your own and having the sole responsibility on your shoulders can be tiresome, but have you considered the impact of disagreements? Can you handle conflict and manage opposing interests or values? Weigh up the chances of handling disagreements, with the benefits of a harmonious working environment.

4. Emotional Impact

How well do you know these people you are considering sharing your livelihood with? Can you resolve conflict well, with discussion and compromise? Where arguments and disagreements take place, this can add emotional stresses on top of everything else, so make sure that they can make a good point, but also know how to compromise, whilst accepting you won't always get your own way. If you can, then the added emotional support gained from a partner could be of great value.

5. The Skills Gap

Inviting another person into your team to fill a gap can be a great idea, but are they up to the challenge, will they shirk responsibility, be working hard or hardly working and can they actually deliver? They may promise to be an SEO genius, increase sales conversions, or be an IT wiz, but if you

don't know enough about that subject, how can you be sure and are you are getting what your business actually needs? Research, plan and ensure you get the right fit, and ask for evidence, that way you can be sure to access what you and your business needs.

6. You Complete Me

It's not just about skills, knowledge, or experience, but should also be about chemistry and the right fit with regards to their personality. Working with another person day in and out can be a drain, especially if their sense of humour is totally off kilter from yours, or they are, as far as you are concerned, dull as dishwater. The wrong personality fit could be a total drain, however the right personality fit can be inspiring and make you a better person, pushing and encouraging you to reach your goals,

7. Exit Stage Left

Ok, even with the best will in the world things might not go to plan, one or both of you might decide that you want to go your separate ways. Do you have an exit strategy? Whatever the reason to split, you need to decide before you start how this would impact. Think about having a business prenup or strategy for splitting the business in a fair manner that allows all parties to move on, with minimal disruption to business.

8. To Boldly Go

When thinking about the future for your business you may have clear ideas, have a strong brand or business personality, or an inspirational mission statement and values to be proud of. But does your business potential business partner share this vision, if not then how will you reconcile working with them and their opposing direction? Be clear about these during the engagement phase, maybe work with them on a freelance basis first, that way you can be sure.

9. Sold, to the Highest Bidder

Lastly what about selling options? An offer may be put on the table that allows you to think about long walks in the country or a Caribbean cruise. You or your partner may want to sell up, but if any of the partners are not keen to let go of their business-baby just yet, then what happens next? Make sure that you have "a right of first refusal" in writing, so should a partner decide to sell their interest in the business to a third party, you have the right to refuse or purchase.

10. It's Not All Doom and Gloom

Ok, so we paint a pretty scary picture, but some partnerships just work perfectly, think Ben & Jerrys. None are without their hiccups along the way, but with careful planning and consideration, it could be the beginning of a beautiful and fruitful relationship.

If you need help making the big decisions on where you go next with your business, get in touch with us. You will have access to a dedicated member of the team to support you with these business decisions, helping you to move forward with confidence.