

THE POWER OF PARTNERSHIPS

And The Pitfalls To Avoid

Operating a business through a partnership can be a very beneficial and powerful arrangement. Ideally, the partners will have a common vision for the company, with each contributing complementary expertise, skills and financing. A partnership permits a sharing of responsibilities and workload, while also generating an intangible dynamic – *synergy*. There is the opportunity for teamwork – joint analysis, problem-solving, and creativity. And for anyone working alone, a partnership displaces that troubling feeling of isolation.

Partnership Pluses

- ✓ Partner only with someone who you know and like. Your relationship, invariably, will be seriously tested, so it's critical that you and your partner are very compatible.
- ✓ You must have trust in your partner.
- ✓ When entering into a partnership, openly discuss all aspects of the arrangement. Ensure that you are making a deliberate, rational decision. Develop a formal Partnership Agreement, which has escape and dissolution clauses explicitly defined.
- ✓ Verify that there is a single, common objective and that there is absolute agreement on the business strategy and operational plan.
- ✓ Look for complementary skills and expertise. For instance, one partner may be excellent at sales and marketing, while the other partner excels at finance and operations.
- ✓ Precisely define the roles and responsibilities for each partner. Eliminate overlap and duplication, but identify those areas of joint responsibility. Determine how stalemated situations will be resolved.
- ✓ Ensure that the enterprise has the viability to financially support both partners. Establish the basis for equitable remuneration that will serve as a reference point down the road.



Partnerships, however, are very much like marriages. After the initial honeymoon or as business conditions evolve, many things may go sour. Things change, as do feelings and one's view of history and one's contribution. To ensure that your partnership remains healthy, successful and long-lasting, avoid these common *Partnership Pitfalls*.

Partnership Pitfalls

The *Danger Signs* (and they multiply exponentially with the number of partners) are:

- ✓ Partnering with someone you don't really know or about whom you are starting to feel eroding compatibility.
- ✓ Having a sense of conflicting egos and needs.
- ✓ Entering into a partnership, primarily out of convenience or a feeling of necessity.
- ✓ Sensing fuzziness regarding strategic objectives, business goals or operational plans. Having divergent views on the future growth, direction and tactics of the company.
- ✓ Experiencing faulty or incomplete communication.
- ✓ Recognizing an emerging lack of trust or confidence in your partner: perceiving a creeping complacency.
- ✓ Lacking clearly defined roles and responsibilities. Experiencing frustrating and inefficient overlap and duplication.
- ✓ Developing a growing feeling of resentment, regarding the equitableness of the arrangement.

These *Partnership Pitfalls* cannot be ignored! A partnership **continuously** needs to be **renewed**. The partners need to create the conditions for regular, candid and honest discussions. Concerns need to be aired at their onset, not later when they become entrenched. Engage a business advisor or consultant to help mediate disputes. It is one small business investment that may help avoid a messy divorce.

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