
Three Things: Business Partnerships

Description

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Like any relationship, business partnerships require ongoing care and maintenance in order to flourish. This edition of *Three Things* provides things to consider in order to maximize the potential of your business partnerships. Having a strong business partnership will facilitate better relationships with your employees and customers and will help avoid acrimonious business partnership disputes, or worse, an expensive and time-consuming business partnership divorce.

1. STRENGTHEN YOUR PARTNER RELATIONSHIPS. Make sure that the business partners have an appropriate number of meetings and discussions about the business by preparing a schedule of partner meetings for the year and sticking to the established schedule. Too few meetings can allow minor issues to build up and boil over into major disputes, while too many meetings can needlessly waste time that could be used for more productive purposes. Partners should utilize their meeting time wisely to discuss short and long-term goals, establish a balanced workload, and engage the partners in ways that leverage each partner's different strengths. **Helpful tip:** Everyone is busy, so look for discussion times when talking won't be an interruption (e.g., before or after hours, over lunch, or when commuting alone in a car).

2. PREPARE A CRISIS MANAGEMENT PLAN. Prepare a written crisis management or emergency plan so that if something happens to a partner, business operations won't come to a standstill. There will be things that only a specific partner knows or handles, and it is critical that other partners (or senior executives) have access to that information. **Helpful tip:** Ask your trusted advisors – such as your accountants, attorneys, and IT consultants – for their suggestions on what information to include in your plan and how to keep the plan current and secure.

3. PUT YOUR BUSINESS HOUSE IN ORDER. Imagine that you are about to sell your business. What documents would you need to have on hand? Your list probably includes items such as copies of meeting minutes, organizational documents, stock certificates, tax returns, employee handbooks, employment agreements, financial records, benefit plans, material customer agreements, a copy of the company's cap table, and other material documents and agreements. Prepare a written list of these documents and assign partners or senior executives to develop or locate the items on the list that are not readily available. This exercise will help your partners and senior executives become more engaged with the business and strengthen procedures that might otherwise be neglected or overlooked. **Helpful tip:** For a guide, ask one of your professional advisors for a due diligence checklist used for the sale of a company.

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