

Why Partnerships Fail

Say you are planning to go into business for yourself or you have an established business but are looking to add a partner or two. Your cousin Vinnie and Fred, your best friend since grade school, want to join your business. Should you agree?

Your answer depends on a number of factors that are critical to the long term success of the business, including whether your spoken and unspoken intentions are aligned with the spoken and unspoken intentions of both Vinnie and Fred, and whether their belief structures are aligned with yours.

When the parties share their intentions with the other members of the partnership, everyone has an understanding of the intentions and motivation of every other party in this transaction. However, if one or more of the parties either intentionally or unintentionally omit some of their intentions, this creates opportunities for future misunderstandings. Misunderstanding lead to tension, conflicts, loss of efficiency, and loss profits.

For example, your real intention for asking cousin Vinnie to join the business is because you felt responsible for him and wanted to make sure that he had a good means of providing for his family. Vinnie's true intention for joining your business may be because he doesn't want to be responsible for himself and wants you to take care of him. Your true intention for asking Fred to join your business may be because you have been best buddies since grade school and the two of you do everything together. Fred's true motivation for joining you may be because he feels the need to get everything perfect because he feels responsible and then you will care about your friendship with him.

In this scenario, Cousin Vinnie may be a poor business partner for you because he has always relied on you to take care of things for him. If you decide to have Vinnie as your business partner, you are doing so with full

knowledge that you will be spending your time cleaning up his messes so don't act surprised or upset when it happens. Fred may be a better fit as a business partner because he is the take charge type of guy who wants to make sure that everything is all right. Fred would reduce your stress and workload, while increasing profitability.

Understanding the true intentions of the parties to a business relationship and their underline belief structures give you a better handle on the internal workings of your business, improves efficiency, and profitability.

Do you know who your business partners really are?

© 2008 Dennis Wong, Esq.
www.DennisWong.com