
LESSON 6 - UNDERSTANDING HOW PARTNERSHIPS WORK

PARTNERS OR FRIENDS

Married or Life Partner (Domestic-Sense): Share a bed and/or checking account.

Business Partner: Share a checking account.

Partners in your business: Who stands to benefit from this partnership? Which benefits does the other person bring to the table? Is this really outsourcing administration type work? If not, hire an intern!

1.2 HOW TO CREATE A GREAT PARTNERSHIP

THERE ARE FIVE STEPS TO CREATING A GREAT PARTNERSHIP.

1. Allocate each partner's ownership rights according to "shared expectations and commitments."
2. Partner compensation and incentives are based on partner contribution.
3. Put one person in charge. The Navy doesn't have co-captains on their ships and neither should you!
4. Get a partnership in writing in the form of an operating agreement.

Trust is the bedrock for a great partnership.

ASK THE HARD QUESTIONS

WHEN FORMING THE PARTNERSHIP, IT IS IMPORTANT TO ASK THE HARD QUESTIONS. LET'S REVIEW THE KEY QUESTIONS BELOW:

1. How are they currently earning a living now and paying their bills?
2. How will they add value? Have them explain in detail.
3. What professional or work experience do they have?
4. You are not the first or last guy to knock on the door, so why you?