#M003

Meta Title: The Benefits and Risks of Business Partnerships

Meta Description: This article discusses benefits and advantages of business partnerships and issues of compatibility between business partners.

Meta Keywords: business partnerships, benefits of business partnerships, risks of business partnerships, starting a business partnership

Summary: Before starting a business partnership, consider whether you and your partner are compatible with each other, and whether you are both compatible with a business partnership.

<h1>Is a Business Partnership the Right Choice for Your Business?</h1>

When you are starting a new business, the responsibilities of a sole proprietorship and the legal requirements of a corporation may sound daunting. A partnership may seem like the solution. However, there are a several issues to consider.

<h2>Traits of Good Business Partners</h2>

To work together successfully, you and your business partner need to communicate before making decisions, and you need to be able to agree on compromises. Just as communication is important, so is trust, having similar values and a similar vision, and having a similar level of commitment and attitude toward doing the work required to make the business a success.

<h2>The Advantages of a Partnership</h2>

Partnerships offer benefits that can help the business survive in situations where a sole proprietorship might fail or never get started. Both partners contribute to the start-up costs and operating expenses. Ideally, you and your partner also will bring varying but complimentary skill sets and experience to the business as well as a varied list of business contacts. In addition, you each share the work and responsibilities, and together you can motivate and support each other.

<h2>The Disadvantages of a Partnership</h2>

You and your partner will share every decision. When you disagree, you will need to compromise or have the grace to admit that the other is right and defer on that issue. When partners cannot agree, one may give up on the business and sell out to the other, or the business may be dissolved. In addition, profits are shared, and, depending on the resources each partner brings to the business, they may not be split evenly. Further, if your partner reneges on his or her share of the operating costs, you become liable for those expenses, and a partnership does not protect the personal financial assets of the partners as a corporation does. In addition, if your partner’s actions damage the reputation of the business, that can affect your business and personal reputation as well.

Having a business law attorney draw up the partnership agreement can mitigate some of these issues.

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