

22 Questions To Ask Potential Partners

by Brownell Landrum

The following is a list of 22 questions you should ask yourself – or a potential partner – before having any kind of partnership discussion. The way you answer them could determine what kind of partnership or business relationship you should have. (See “The 11 Kinds of Partnerships or Business Relationships” article).

1. What are they offering that you either cannot do yourself or could hire someone for?
2. Why are you considering having a partner?
3. Can you “try out” the relationship in advance?
4. Will their contribution be for the long term, or just to get started?
5. Do you want a partner for the companionship/emotional support? If so, is there another resource for that (i.e. support group)?
6. Legal considerations (LLP or LLC, Partnership Agreement)
7. What happens if the other person does not fulfill their end of the partnership?
8. From a sales standpoint, if a “hunter” gets an account, do they get any long-term commission even if they don’t manage the account long-term?
9. What happens if the partner dies?
10. If you are bringing someone in for sales connections, what are your expectations?
 - a. They provide contact info
 - Probably don’t get referral fee or sales, but you might help them with something later
 - b. They contact the connection and let them know you’ll be following up
 - Probably don’t get referral fee or sales, but you make a commitment to help them with something
 - c. They make contact and set the appointment, but you attend the meeting
 - They get small referral fee
 - d. They make contact and attend the meeting, but you lead
 - They get referral fee
 - e. They maintain all customer contact, but do not do the background and/or follow-up work
 - They get referral fee and/or one-time sales commission
 - They completely manage the account
 - They get ongoing sales commission
11. How will their management style complement yours?
12. If bringing them in for sweat equity, what kind of time commitment are they providing? How can you ensure they will keep it? What distractions might happen for them?
13. If you are bringing them in for long-term goal of selling the company, what would be their ongoing contribution with the company?
 - May just want to give a commission if they assist in the sale of the company
14. If bringing them in for ideas, can you just pay them as a consultant for the idea?
15. If they are contributing \$ for capital, how do you determine the \$ value of their contribution (translated to percentage of the company)? What is their expected ROI – amount and timeline?
16. If you are running a service business, can you just be associates, or do you need to be partners (and perhaps share expenses)?
17. If you are marketing a product, is there a high start-up cost?

- Especially important if costs are critical to production (equipment, etc.) and not able to outsource
18. Is your business a sideline for them, or the “main event?”
 19. If you want a partner to help you with the start-up, but not the ongoing management of the business, is it something that could be paid later? For example, you could offer a “balloon” commission on the first sales, as opposed to a percent of the company.
 20. How do you know this potential partner? Is it a personal or business friend or acquaintance?
There are pros and cons to each...
 21. What is their belief in you? In your product/service?
 22. Will they help motivate you or deflate you?