

The Four Elements of a Partnership

by Brownell Landrum

As entrepreneurs, we often wonder about whether or not to work with a partner. Whether we are considering bringing in someone to help us with a business or idea of our own, or we want to join someone in their business, or perhaps want to pool resources to provide mutual support, a partner should offer one or more of four key elements: Time, Idea, Connections, and/or Resources.

The first element, Time, is also known as “sweat equity.” We may not have the time to be able to develop or run the business on our own, and a partner with time, experience and commitment may help us get things done. Before selecting a partner based on their ability to contribute Time, there are certain questions that you’ll need to have answered, (see Questions article), including the amount of time they can commit, whether your need is for the development phase or the ongoing management of the business, and whether they have the optimal skills necessary. Often we will find someone who has Time and Commitment, but not the ideal experience necessary, and find out later that we could have saved a great deal of money by either hiring someone to do the work or bringing in a more experienced partner. Areas of experience needed in a small company may include production, management, sales, patents, marketing, finance, or legal, or experience with a particular industry or in another start-up company.

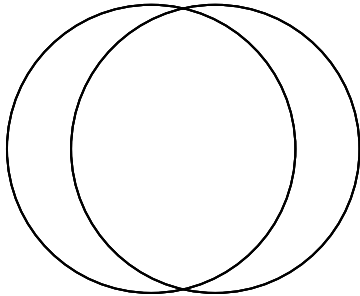
The second element a partner may contribute is an Idea or concept – something that is unique, creative and/or solves a problem. Inventors often fall into this category – they come to the table with the idea for a product or service, but may not have the business skills (production, marketing, sales, finance, etc.) to complete the execution or rollout of the product. On the other hand, two “idea” people in a partnership may not provide value because either of them may say to themselves “I could have done this on my own...why did I bring in (name)?” An alternative to a partnership in this case would be participating in a mutual-support group where the parties get together to help with ideas but do not claim any partnership or co-ownership.

The third element a partner can provide is Connections – to customers or clients, to resources or to lend credibility. For example, if you have a great idea for a new consumer product, but your background is as an IT professional or a schoolteacher, you may need someone with the right connections to help you get the credibility or connections made to progress with the project.

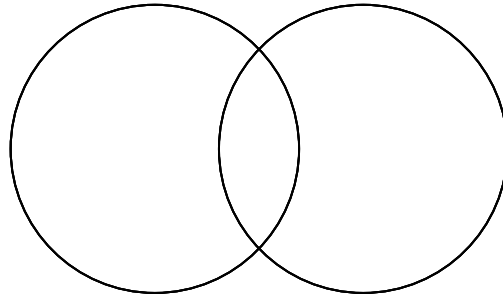
The fourth element is Resource, which could be money or capital, or it could be equipment or production resources. This element can be especially critical with a venture requiring extensive start-up capital. However, arrangements other than a traditional partnership could be made.

Before you decide on a partner, look at what you think they will offer toward the business – and for how long. And you will need to look at the things you have in common – and the differences. For example, look at the four elements above, and draw a Venn Diagram for your potential partnership relationship. If the things you have in common for the four elements is too tight (see drawing below), you may not be choosing the right partner.

Four Elements



Less Than Optimal Complement

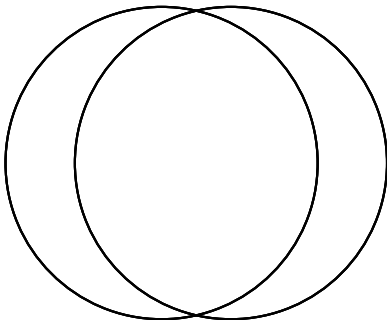


Optimal Complement

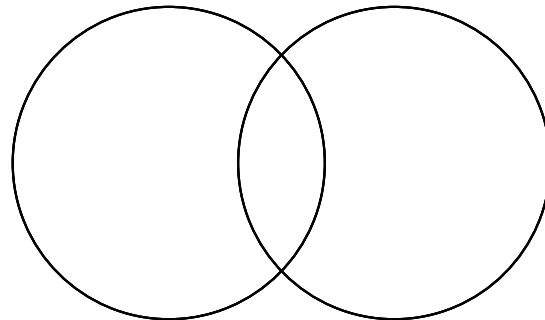
The only exception could be Time – you may both be contributing significant amounts of time, especially as the business gets launched.

However, for personal characteristics, you will need to have quite a bit in common. You should have the same attitudes toward fun, honesty, fairness, tenacity, energy, commitment, motivation, dependability, and respect.

Personality Compatibility



Optimal Complement



Less Than Optimal Complement

Next: What questions should you ask a potential partner?