

Having “Partners” Can be Unrewarding

Business “partners” – even joint stockholders in small corporations - have a relationship that is both business and personal. Some people cannot manage the business side of their relationship, others have different visions of what where the business should head, there can be arguments about who’s to manage, some lose faith in their partner’s ability to perform their jobs, and many squabble over money.

While many partners got along well before going into business, many small businesses fail because partners cannot get along on a personal level. In many cases, a business may fold or some of the partners may leave because they cannot work out their differences. These interpersonal problems are especially problematic when they involve long-term friends or a family relationship.

In most cases, partners’ conflicts are not just business, or not just personal, but encompass both realms. The issues can be an intricate blend of interpersonal complaints and financial, management and ownership issues. But the complexity inherent in partnerships is not by itself a sufficient explanation for why they are so unstable. Some partnerships are exceptionally successful. Having seen almost 23 years of business disputes, among family and non-family partners, I have come to the conclusion that the main cause of partnership breakups is simply that the partners failed to plan in advance for how they will work together.