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Preparing To Partner Effectively and Profitably

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Millard MacAdam

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As a personal and business coach who has helped owners dissolve unproductive partnerships, I've observed that disastrous and disappointing results too often occur when due diligence was not taken to build a solid foundation on which a new business partnership can safely develop integrity, profitability and stability.

It is very wise to have a partnership formation team of advisors to help you and your prospective partners through the process. Their experience and expertise will be invaluable to you as they ask you and your prospective partners the tough questions that need answering. I recommend having a team of advisors consisting of a business coach, a business CPA, a business attorney and a business banker.

It is well worth paying the members of this team of advisors their hourly fees so that you avoid costly partnership mistakes and make more profitable partnership decisions.

Here are some proven action steps to seriously consider taking when exploring the formation of a business partnership. They can decrease the chances for negative results and increase the chance for a collaborative, successful, long term partnership being established.

DETERMINE ONE ANOTHER'S COMPATIBILITY - Determine together if your governing operating values, visions and goals are compatible. Also your character, competencies and motivated commitment to be team players to achieve your company vision. Explore mutual ideas, goals, and philosophies that would be operating in the team you are developing. Look for sufficient compatibility to openly and honestly challenge and stimulate one another's thinking over time, as well as the presence of mutual trust.

CHOOSE A PARTNER WITH STRENGTHS COMPLEMENTARY TO YOURS, AND VISE VERSA - Share character and competency strengths. Share motivational traits. Share short suits.

ESTABLISH THE PURPOSE OF THE PARTNERSHIP THAT IS BEING CREATED - Mutually understand and clarify the purpose of the business you intend to be in together. Also, how you see each of you contributing to making the purpose, vision, governing operating values, mission and goals of the company a reality.

DETERMINE THE KIND OF PARTNERSHIP RELATIONSHIP THAT WILL BE CREATED - Determine if it will be equal, or possibly an associate relationship, or any other possible combinations in between. Factors such as determining level of financial risk, availability of time and energy for conducting the business, and prior existence of any intellectual property tied to the business are some key items to discuss. Utilizing a third party coach who has expertise in

the area of forming a partnership is a wise investment during the formative stages of the partnership. Also, at any time coaching support is needed in the future in order to protect the best interests for each partner involved.

DEVELOP A SOUND FINANCIAL COMPENSATION PLAN FOR PROFITS RECEIVED - It is critical that all partners agree to financial compensation in a signed document or contract. Legal representation for helping partners do this legally and appropriately may be needed at this point.

DETERMINE THE ROLES, POSITION FUNCTIONS AND POSITION PERFORMANCE STANDARDS FOR EACH PARTNER - Knowing up front who is responsible for doing what and how well during the operation of the business is critical. Position roles, responsibilities, functions, tasks and performance standards need to be clearly defined and documented for future reference and to avoid assumptions and future misunderstandings and conflicts.

BE COMMITTED TO BEING MUTUALLY ACCOUNTABLE TO EXCELLENTLY FILLING YOUR POSITIONS - Establish a mutual accountability process with an integrity check as part of your regularly scheduled meeting agendas until all partners reach consensus to change the structure of the roles established.

CREATE A WORKING PLAN AND SUPPORT THE INTENT TO CONTINUALLY REVIEW AND ADJUST IT AS NEEDED - Review the results of the actions taken. Make expedient and necessary additions, modifications and deletions that will support the well being of each partner, the health of the partnership and the success of the business over the lifespan of the business.

GET YOUR IMMEDIATE SUPPORT TEAM ESTABLISHED - Do this before entering into the partnership. You will need to educate your support team about expenditures of time, money, energy and other resources that will be needed to successfully launch the business your partnership represents.

PLAN FOR REGULARLY SCHEDULE MEETINGS ON A WEEKLY BASIS - These meetings will be set up for the purpose of discussing the successes and challenges. Also, to determine what's working and what's not working as well as areas of discord. Also, for mutual planning for future growth and expansion.

SET A MINIMUM TIME PERIOD THAT ALL PARTNERS WILL AGREE TO A "NO EXIT" CLAUSE - New ventures take time to be planted, watered and nourished, weeded and ultimately harvested. A person should not join in an interdependent partnership agreement if they are not fully committed to long-term participation, to making a significant contribution, and to filling their position excellently.

If you need help in mastering and implementing any of the skills and tactics mentioned, I'm here for you! Please visit the Call-A-Coach section of my web site for more information.

About the author:

Dr. Mac shares with business owners the practical knowledge and insights he gained as a small company CEO. He founded Sycamore Ranch, Inc. when 27 and as CEO led his partners and a staff of 100 for 16 years in developing and operating the 50 acre recreational facility. Years later, he integrated what he learned from his Doctoral program at USC with his practical business experiences and began consulting. For four decades Mac's coached business owners in mastering and applying "how to" leadership and managerial skills for: Hiring and retaining only the top ten percent producers; Optimally deploying and supervising staff to maximize their personal motivation; Developing high integrity leadership teams; Facilitating mutual performance accountability and peer coaching processes; and, Integrating his Intentional Business Integrity Process into their company operations. Mac has served leaders in manufacturing and high tech companies; accounting, banking and insurance enterprises; medical and health care organizations; service and retail oriented businesses; as well as educational, governmental and non profit organizations. Q&A ProActive Leadership 888-648-5552 or MacAdam@PALConsulting

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