

Questions to Ask Yourself

- Do I need a partner(s)? If so, why?
- What is the “big goal”/accomplishment I hope to achieve by bringing on a partner?
- What does this partner bring to the table that I do not?
- Do they have a “selling point” I do not have?
- Which of our skills overlap? Which ones differ?
- To what extent do I trust this potential partner?
- What is the trust based on? Real data or an emotional connection?
- Overall, do I feel they’re in a stable place in their life?
- Is this a person I want to be the face of my brand/company?
- Is there any way to test the partnership before going all in?
- Do you feel as if you share similar values?
- Do we both want the same things?
- Does this partner deal with conflict similarly to me?
- How have they dealt with conflict in past personal and business relationships?
- Do we have similar work ethics?
- Why shouldn’t I partner with this person?
- What dangers/risks am I taking?
- What is the worst-case scenario?
- Do I know how this person reacts under pressure?
- Has this person had any legal issues in the past before?
- How much money will I invest in this business/partnership?
- Do I have any upcoming major monetary needs?
- What’s my vision for the business? How large? When to sell? Who to sell to?
- Is my family supportive of this commitment/decision?
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Questions to Ask Your Potential Partner

- Why are you looking for a partner?
- Have you had a business partner before?
- What is your biggest goal?
- How much time can you devote to this?
- What type of hours do you plan to work?
- Do you think we’re both moving in the same direction?
- How do you deal with conflict?
- How would you handle a crisis?
- How would you handle a media crisis?
- What typically motivates you?
- What is your top priority(s)?

- Do you have any family, financial, etc. issues that may affect your commitment?
- Do you have any upcoming major monetary needs?
- What's your vision for the business? How large? When to sell? Who to sell to?
- Is your family supportive of this commitment/decision?

Questions to Discuss Together

- Have you had a business partner before?
- What was the result of that partnership?
- Will we do what's right even when it's not profitable or easy?
- What happens if one of us dies?
- If one of us gets hurt, sick, etc., and can no longer contribute to the partnership, how will it affect ownership and profit splitting?
- How will we handle a large disagreement? Who gets the final say?
- What happens if one of us becomes financially insolvent? What if one of us declares bankruptcy?
- What happens if one of us gets a divorce and our spouse gets half of the interest in the partnership in the settlement?
- What will each of us be providing?
- What is each of us not allowed to do?
- Can we access each other's lists, network, etc.? Can we self-promote?
- Who owns what is created via this partnership, such as intellectual property and mailing lists?
- Do we need an NDA?
- Do we need to make any public disclosures of this partnership?
- What do we hope our business looks like in one year?
- What do we hope our business looks like in five years?
- What values will be most important to our company?
- Is company culture important to us?
- Do we plan to have a set work schedule? A specific location?
- What is the biggest one-year goal for us/our partnership?
- What roles will we both play at the start?
- Do we plan/expect roles to change with time?
- Do we have an exit plan?
- What happens if someone offers to buy us out?
- Do we have a desired timeframe for our exit?
- How will we divide profits?
- What happens if we don't live up to our responsibilities?
- How will we dissolve the partnership?

- Are you willing to formally put all of this in writing?

Specific Details to Discuss

Company Name, Location and Hours

1. What are the partners' names? Are they individuals, corporations, or Limited Liability Companies? What is the designated name and purpose of the partnership?
2. Will we register the company name as a trademark?
3. Where will the office be located? Will we own it or rent it? Will any partners work out of a home office full-time or part-time?
4. What will be our working hours? What autonomy will partners have to set their hours? Do we need to service clients during any particular time each day? How often will the partners meet to discuss business?

Contributions

5. What will each partner contribute to the business in terms of:

- Cash
- Skills
- Property
- Tools and equipment
- Intellectual property (know-how)
- Network and professional contacts
- Reputation
- Labor
- Customers
- Insurance, benefits, company perks

6. What is each partner's ownership share of the business?

Accountability

7. How will we measure job performance and hold each partner accountable for meeting expectations?

Taxes

8. What partnership structure will we choose, and how will that affect our taxation? e.g., general partnership, limited partnership, limited liability partnership (LLP), limited liability company (LLC).

Liability

9. Will the Agreement limit the joint and several liability partners have by law for their partners' behavior? Will the partners' contractual commitments and representations bind me?

10. What is my liability if my partner does something illegal while representing the company?

11. Who is responsible for what percent and kind of company debt? Authority

12. How will authority and decision-making be structured? Will we operate by consensus or based on share of ownership? What is the tie-breaking mechanism used to avoid deadlock? Will partners have the authority to control certain functional areas of the business without the approval or involvement of the other partners? What is the authority to act on behalf of the company without unanimous agreement?

13. What is the procedure for borrowing money in the company name? When does borrowing require approval of the other partners? What is the scope of expense account authority before needing to consult with the other partners?

Responsibilities

14. Who will handle what? How will your roles and responsibilities be divided? Who will have what management duties?

15. How will workload be assigned and monitored?

Personnel

16. How will we choose a lawyer, accountant, banker, insurance agent, or professional service provider?
17. What process will be used to expand and admit new partners?
18. How will we hire employees or contract workers?
19. How will we select vendors and suppliers?
20. How will we select customers or clients?

Insurance

21. What kind of business liability and/or property damage insurance will we purchase?
22. Will we provide medical, life, or disability insurance or a pension plan for ourselves and our employees?
23. Will we provide key man insurance on the lives or disability of the partners?

Ownership and Compensation

24. How will ownership percentages be determined?
25. If one partner had the original idea for the business, should he receive compensation or additional ownership rights?
26. How will profits be apportioned? How will losses be allocated?
27. What amount of profits will be withheld for investment back into the business?
28. How will salaries or draws against profits be determined?
29. How will company perks be assigned? Cars, stadium/theater seats, etc.
30. What other benefits will we provide? Vacation, holidays, sick time, etc.
31. How will we provide for the unexpected? Serious family illness, disability, or some other life event that disturbs a partner's ability to work productively?
32. What extent of absence from productive work will require renegotiation of the partnership agreement? 33. Who will keep the books? What financial statements will the partners receive? How regularly will they be prepared?

34. Are there any restrictions on engaging in other outside business activity?

35. Will we forbid conflicts of interest and direct competition?

Buy/Sell Agreement

36. What happens to the business assets if a partner dies?

37. How will the value of the partners' business shares be determined?

38. Will the company pay for its share if a partner leaves? Can a departed partner remain as an investor?

39. Will a departing partner receive the same amount for his share if he joins the competition?

40. What restrictions and approvals apply to a partner selling his share of the business to a third party?

41. Do the other partners have a right of first refusal for the shares of a partner who dies or leaves?

42. Will the partners be required to sign a non-compete agreement? (These are now illegal in California.)

43. What is the process for firing a partner for incompetence or malicious behavior? What happens if a partner becomes impaired by drugs or alcohol or gets arrested?

44. What process will we follow if an outsider offers to buy the business?

45. Upon dissolution of the partnership, how will shared assets be divided?

46. Who gets the rights to intellectual property, customer lists, company files, and records?

47. Who can continue to use the company name and logo?

48. What method of alternative dispute resolution (arbitration or mediation) will be used instead of litigation to resolve disputes between the partners? How will the arbitrator/mediator be chosen?

49. What is the procedure for amending the partnership agreement?

50. What are the consequences if a partner fails to contribute as provided in the partnership agreement or otherwise violates the agreement?