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A Good Match is Necessary With a Start-Up Partner

Team: Not all the risks can be avoided but with homework a good business partner is possible.
By Matt Crowley

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Starting a business on your own can obviously be daunting. You get all of the rewards but you are the company's only salesperson, worker-bee, networker and office manager rolled into one. This requires a ton of energy. The solo road is also potentially lonely and isolating. Consequently, many entrepreneurs look for teammates to share the fun and the burdens with as they get started.

Forming a partnership with other entrepreneurs really can be like entering into a marriage. Most business partners spend more time with their co-founders during a given work day than they do with their families. Long days are a big staple of startups, so you need to make sure you fully appreciate how much time and reliance you will have on your partners.

When you are looking at potential partners, how do you know if you have a match?

You should start by looking at potential partners in the same way that your investors will look at them. Prospective venture capitalist investors will frequently tell entrepreneurs that they are betting on the jockey as much as the horse; i.e., the management team that will execute a business plan is as important as the plan itself.

Investors will analyze a management team by looking at the amount of collective experience around the table. A team of serial entrepreneurs from companies that went public two years ago is more impressive than a husband and wife team that want to start a coffee shop because they like coffee

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but have never run a business before.

Key objective factors to consider when looking at a potential partner are:

- Can your partner carry his own weight financially?
- Does this person have skills that the business needs immediately?
- Does his experience add to the team’s credibility?
- Does your partner have the right energy level?
- Does he have the tenacity it will take to stick it out long enough to make it to the break-even point financially? What does his employment history tell me about how long he might stick around?

Delineation of duties

A good starting team will have one person focused on the product (e.g., software, coffee, web design), one person in charge of finance (keeping the books, running financial projections, doing tax returns, paying bills) and one person in charge of sales and marketing. Defining each partner’s role at the beginning can help eliminate unnecessary friction, wasted time and potential confusion.

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