

The background of the entire page is a large, dense crowd of people, rendered in a monochromatic blue and white color scheme. The crowd is out of focus, creating a sense of a vast, anonymous group. In the foreground, three individuals are clearly visible: a man on the left in a dark suit and light blue tie, a woman in the center with short brown hair wearing a purple shirt under a dark jacket, and a woman on the right with long dark hair wearing sunglasses and a striped shirt. They appear to be walking through the crowd.

Is SELF- EMPLOYMENT *for* YOU?

ANYONE *can start a business...*
only FEW *can SUSTAIN a business.*

PAUL E. CASEY

(1,414 words)

Are you thinking about taking the plunge into the world of self-employment? The following is an excerpt on “Partnerships” is from the book, “Is Self-Employment for You?” This book goes beyond the ABC’s of how to write a business plan but examines the potential entrepreneur’s emotional readiness and personality traits that ultimately make the difference between success and failure. “Is, Self-Employment for You?” Author Paul Casey has successfully sustained his communications business for over fifteen years. The book costs \$15.95 visiting Amazon.com and inputting Is Self-Employment for You?

Pitfalls of Partnerships

By Paul Casey

Real entrepreneurs don't need partners. Partnerships *destroy* businesses, and are counterproductive to sustaining your business. It is human nature to want a friend or confidant to go down the unknown path with you, but resist this temptation at all costs. If you feel that you *absolutely must have* a partner to succeed, you probably don't have the necessary confidence or independence it takes to be successful in business anyway.

There are obviously exceptions to the rule. I am just trying to impress upon the would be entrepreneur that this is one of the biggest decisions you will make and do not go into a partnership casually. Your prospects for succeeding in business are determined to a large extent, on decisions that you make even before you obtain your business license. Taking on a partner is that kind of decision.

Many people feel obligated to take on a partner because they feel that the partner will bring camaraderie, or some knowledge or skill to the business that they don't have.

But often, this "essential knowledge or skill" can be found elsewhere. For instance, you might feel it is necessary to bring in a partner with strong accounting skills because you yourself have no background in accounting. But it would be easier and less expensive in the long run to find a free agent accountant or bookkeeper instead.

The problem with partnerships is that you are essentially giving away half your business before you start. Generally, under a partnership agreement, your partner receives half of all income for your business. If you earn \$2000 on a project, your partner receives \$1000 of that, whether the partner did any work on the project or not. Of course, the reverse may be true. You could be receiving half the money that your partner earned on an assignment for which you did nothing. But it would be much better for you to keep the \$2000 (minus expenses) that *you* have earned, instead of instantly giving half of it away.

If you and your partner are working together on assignments, you are invariably providing your clients with two workers for the price of one. For example, say you own a marketing consulting firm, and a local software company pays you \$5000 to develop a marketing plan. You and your partner do equal work on the project and split the \$5000. However, as a marketing specialist, you could have just as easily created a marketing plan *all by yourself* and earned the same \$5000 as a sole business owner. If you are an expert at what you do—if you have the competence to deliver a good product or service, and enough experience in your field to be able to start your own business—you don't *need* to share your job duties or your profits with a partner.

Having a partner means that you create a lot of unnecessary expenses for your business. Everything that you needed before must now be *doubled*. You now need *two* computers, *two* desks, *two* office chairs, *two* phone lines. Whereas before you might have

needed to rent an office suite with a single office, now you will need a double-office

Aside from the financial obligations, a partnership can bring other problems. First, a partner adds another layer to the decision making process. You will *always* need your partner's approval before taking on any new clients, investing in new technologies, subscribing to new services, etc. Inevitably, there will be clashes between partners over which clients to deal with, who to hire and fire, how to provide the best product or service to your clients, and so on. It is much better for the business if *one* person is in charge, and has the power to make the decisions.

The business you start today will be much different from the business you will have five years from now. It will change and grow, and move in many different directions. Even if you and your partner have the same vision and goals for your business today, your separate visions and goals will inevitably change as the years go by. Before long, the odds are that you will want to move your business in one direction, while your partner will want to move the business in another direction. I have seen most partnerships work for only short periods of time. Invariably, they break apart when the partners can't agree on the best way to further develop and continue their business together.

If the business survives the breakup, one of the partners usually inherits the business. The partner who takes over the company is now in the same position that they would have been if they had started the business *without* a partner in the first place. The only difference is, now they may have to buy the other partner out. The expense of buying out one-half of a partnership increases your overhead and only makes it more difficult to make money in the future.

Even if a partnership defies the odds and lasts longer than usual, something will

inevitably happen to break up the business. If a partner dies (as sometimes happens), very often their half of the partnership will be acquired by the partner's spouse or children. More than likely, the partner has drawn up a will declaring that their spouse or children will inherit their assets, including the business. Your partner's wife, husband, or children may actually end up being your business partner. There are numerous horror stories of businesses that have been destroyed when one partner's family members inherit the partner's half of the business. Those family members end up ruining the business because they are only interested in its assets and have no interest in running the business itself.

Having a partner brings too many negative elements to your business, elements that can severely inhibit your success. It is best to avoid these elements and go it alone. As a sole business owner, you alone will be responsible for the success or failure of your business. Again this may seem scary at times, but it is actually an advantage. With a partnership, you must work twice as hard to make your business successful, and you must overcome twice the disadvantages. Your business will always be dependent on your partner's success as well as your own. As a sole business owner, you at least have the freedom to try, to fail, and to try again *without* encountering the disadvantages that come from having a partner.

FAMILY & FRIENDS ARE FOR THANKSGIVING

Another pitfall to avoid is including friends and family in the *day-to-day* operations of your business. Your parents, brothers, and sisters can be your best allies, but also your worst critics. While they may outwardly support what you are doing, often they think you are slightly crazy to be starting your own business, and wonder when you will go back to a "real job." When they give you advice, they might think that they are

doing what is best for you, but their comments can be very harmful. “Well, you know, you never were very good at this or that.” “I don't really think you can make a living doing what you're doing.” “You never could balance a check book.”

Families and friends are for Thanksgiving and Christmas. Never go into business with a family member or a friend. Just because you have a personal or family relationship with someone does *not* mean that they will make a good business partner, or that they will necessarily have sound business advice for you. I am very grateful to my own family because they have always been hands-off in the day-to-day operations of my business. If you want advice about your business, talk to a small-business consultant or to someone who runs a small business with a product or service similar to yours.