TenStep, Inc.

TenStep Supplemental Paper

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Partnerships

A partnership is an association of two or more persons working as co-owners of a business for profit. As with sole proprietorships, general partnerships are fairly easy to establish.

Partnerships typically have detailed partner agreements in place at the time of formation. Partnership agreements should clearly address the rights and responsibilities of each partner, such as the amount of capital each partner will contribute, what will happen if more capital is needed, how profits and losses will be distributed, which partners are responsible for particular management tasks, what happens if a partner dies, etc. Not having such an agreement could place your investments at risk and provide for a lot of extra time and expense if the business encounters problems.

Some advantages of general partnerships include:

- Relatively little time and expense required for creation.
- Flexibility in establishing the responsibilities (capital, management, etc.) of the partners.

Some disadvantages of general partnerships include:

- Partners are personally liable for the debts of the partnership.
- Partners are responsible for the business-related actions of all other partners

Selecting a Partner

First, look at the ability of potential partners to help in increasing your market share. Select partners that have the sales and technical skills or competencies needed to support your offerings. Certifications are very helpful in these areas. Third, customer satisfaction is important. Ask a prospective partner for customer references. It's also important to see whether a potential partner has a process for measuring customer satisfaction. Finally, make sure a company is committed to working with you. Understand what they're willing to invest to make a partnership work and expect the same question to be asked of you. Altogether, these are the four C's that can be helpful when selecting partners: Contribution, Competency, Customer Satisfaction, and Commitment.