



***Communication. Balance. Goals:  
Discover the Keys to a Successful Women-Only Business Partnership***

**by**

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**As a special gift for the members and followers of Femprofessionals, here is a free chapter of our book, *Communication. Balance. Goals.: Discover the Keys to a Successful Women-Only Business Partnership*. If you received this copy of Chapter 4 from a friend or found it online, you can find out more about [the book on Amazon](#).**

## **Chapter 4: Setting the Terms**

*“For stock ownership and division of money we used an attorney to draw up paperwork so that we could address our individual concerns without feeling like we were being inconsiderate of our family relationship.” (Stephanie Zimmerman, Lend a Box, LLC)*

Once you’ve decided to move forward with your new business partner, you need to set up the partnership terms. This aspect isn’t as glamorous or exciting as starting a business and acting on your passion, but you should not move forward with a partnership without one.

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Are you thinking, “But we’re friends. There’s no way something will go wrong.” Or, “We’re both in it for the long haul so we don’t need to put it in writing.”? If so, you’re not alone -- but we’ve heard too many horror stories that it would be irresponsible of us to *not* emphasize establishing a signed agreement.

It’s always best to have something in writing to point back to should something come up. Take this example from a survey respondent: “She overstepped the agreement and tried to sell to my clients. I told her it was a breach and it hasn’t happened since.”

It was easier for her to have that conversation because she could point to something they had both agreed to without feeling like she was being unreasonable.

Before putting anything in writing, have an open discussion about what those terms will look like. These should include:

- Your general business ideas.
- Business goals.
- Personal obligations.
- Your division of partnership.
- Your division of labor.
- How you want to structure your business.

Download the “Checklist To Make Sure Both Parties Are On The Same Page” in the Appendix to check off each discussion point in this chapter, as well as adding any others that apply to your specific situation.

Whether you have a full-blown LLC, a part-time venture, or are just working together on a one-time event, a written contract is a must. Preferably, the contract should be looked at by a lawyer but if that’s cost-prohibitive there are free or low-cost DIY options available online that you can print, sign, and have it notarized.

## **How will the partnership be split?**

Will your partnership be 50-50? Do you prefer to be more involved in the day-to-day activities than your partner? Maybe you don’t mind taking a smaller active part in the partnership but are able to invest more money than your partner? Those are the types of questions you need to answer when you’re writing the agreement.

There may be instances when you want to partner with someone but there is a disparity in how much money each person can invest initially. One option is to set a date by which one person needs to match the other’s investment.

Another way is to take into consideration the person’s ideas, experience, specialized skills, and other factors to assign a value that will be counted towards her monetary investment in the business.

For example, you contribute \$10,000 to the business and your potential partner contributes \$5,000. In addition, she has a lot of experience with handling business finances and will be able to do the accounting

in-house instead of outsourcing it. How much would it cost your business to hire someone or outsource that activity? Count that amount (or a portion) towards her monetary contribution to the business.

Since all parties are expected to take an active part in the business's activities, this works best with skills or experience that you'd have to pay a lot more money to outsource. Knowing how much you want to be involved will set the stage for determining which roles will later become your responsibility.

## How will you decide on titles and roles?

When it comes to assigning titles and roles, put aside your ego and do what's right for your business. Saying you're CEO or President of a company doesn't mean anything if the company isn't growing.

### Do titles matter?

How and which titles you and your business partner decide to use really depend on the needs of your business and how you want to portray yourselves to your employees, other businesses, and clients.

Titles can affect how others perceive your business and how seriously they take you. For this reason, some businesses choose to use traditional titles such as CEO, CFO, and VP to show a clear hierarchy, as well as who has the responsibility and authority to make specific decisions for the business. This makes sense for financial or insurance related businesses or if your customers are other businesses.

On the other end of the spectrum, some business owners do away with traditional titles, preferring to use their job description or other designation like Chief Inspiration Officer. This can allow for more flexibility in tasks and activities, especially if you don't have employees or a Virtual Assistant (VA) you can rely on. Using non-traditional titles works well for lifestyle businesses that are more personal or business-to-consumer (B2C) focused.

The size of your business can also influence how you decide to choose your titles. Many partners we spoke to chose to simply refer to themselves as co-founders. This was the case with Lauren Jessen and her sister, Catherine, who decided that they would not use other titles due to the small size of their business, their B2C focus on millennials, and their overlapping activities.

We also spoke to other women who referred to themselves as co-founders or co-owners, **and** used traditional titles such as CEO, CFO, and COO. These tended to be larger partnerships with more employees.

Don't sweat the titles in the beginning. They will likely change over time to suit your business as it grows and evolves. More important than titles are roles, since those will have a direct correlation to activities that grow your business.

### Roles

*"We do everything -- finances, interviews, writing, social media, you name it! There are smaller roles we both take on -- Lauren works on putting together the website's editorial content and working with contributors. Catherine works on social media and growing our small but mighty team." (Catherine Jessen, Carpe Juvenis)*

There are many areas to consider when starting and running a business: external tasks, such as marketing, sales, networking, and public relations; and internal tasks, including accounting, scheduling, web development, research, managing employees, and customer service. This is a short list of everything that goes into running a business but it will give you a taste of how big it can get.

Roles within the partnership should be determined by several factors. First is experience and skill level. You're different people with different strengths so it doesn't make sense for both of you to have an equal part in each task area. If one member of the partnership has a background in finance and the other in art, the division of tasks would seem pretty cut and dry for those areas.

The second factor should be your comfort levels when performing different roles. Making a sales pitch might be your least favorite task while your partner thrives in that environment. Deciding which tasks fit best with each partner may take a bit of trial and error, but eventually everyone will find their strengths and weaknesses and which responsibilities suit them best.

Not every task or role that needs to be done will be something either of you want to do, but it still has to get done. For these tasks, a little negotiation will be in order. Expect some give and take, especially for those items that neither of you have any interest in at all. As your business starts making money, these tasks should be the first ones to be outsourced to a VA or other contractor.

According to many of the women we spoke to, the division of labor was first split between their strengths, and then the rest of their tasks were split evenly between them. One survey respondent, Ann Buckner, said her strength was seeking out additional partners and clients, while her business partner managed their team trainings.

"I do all the admin, press, editorial, website management, membership recruitment, and selling ad space. She does all the design work, hospitality within our sessions, and recruits brands to come in and sell," said another business pairing who chose to remain anonymous. One partner preferred to focus on the managing and running of the business, while the other used her creative skills to improve and move their business forward.

In situations where the partners share many of the same skills, the division of work may be split down the middle. If you both share the same skills, you may both decide to take an equal role in some things while letting the other person be solely responsible for others. Remember, though, a division of labor will be more efficient for getting some things done more quickly.

Suzie Shpaizer, from Project Me for Busy Mothers, found that, "Although we do cross over, I do the SEO, the finances, systems maintenance; Kelly does social media, all the images and the design. We both create the products, write website content, deal with inquiries, marketing, PR, research and development."

Kristen and Rachel of Clarity on Fire illustrate this example perfectly. Kristen says, “Either person can do any of the work. We're both certified coaches, so we both provide the exact same service as far as our clients are concerned. But in the back-end of actually running the business, we split a lot of tasks up. We alternate writing blog posts each week, and I'm more in charge of the techy stuff (website, email list, analytics, etc.), and she does more of the content creation (writing website copy, creating images, writing audio/video scripts, etc.). I also do more in-person networking, while [Rachel is] in charge of connecting with partners online.”

When it comes down to determining one's role in the partnership, it may come down to pure and simple logistics, as was the case with one of the women we spoke to. Her business's home base is in Georgia, where she lives, while her partner lives in New York. So, whether she is the better fit or not, the partner living in Georgia deals with the daily interaction between employees and customers.

## How will you handle disagreements?

Sometimes partners won't agree on what is the best course of action for the business, but a decision will have to be made. Add language to your partnership agreement describing how you will deal with conflicts to avoid bigger trouble down the road.

Perhaps who makes the final decision will be based on who has had the most experience or knowledge on the particular subject or issue in question. Maybe the final say will be made by the partner who has invested the most money or the partner with the larger share of the business. Or maybe you'll each have areas where you can make the final decision after discussing it with the other. Preparing for this situation while discussing your partnership terms should help to reduce arguments or resentment.

If you're already in a partnership and didn't add this to your agreement, go back and amend it.

What happens if you can't resolve the issues between yourselves? You may need to involve an impartial third party for dispute resolution. This could be a trusted business advisor, a board of directors, or a mediator. Whatever you decide, add it to your agreement as well.

For more information on this, read the following helpful articles:

- [How to Deal With a Business Partner Dispute](#) by Jeffrey Fink - Avvo
- [Resolving Disputes Among Business Partners and Owners](#) by David Gage, PhD – BMC Associates
- [How To Resolve Conflict Like A Pro](#) by Jody Greene - Forbes

## What is your exit strategy?

*“One of [my friends] cautioned me about entering into a 50/50 partnership with a friend and asked if I had an exit plan. I didn't. After all, it was only a children's shop -- what serious conflicts could possibly arise? Maybe I would want to order red shoes and she would want to order blue shoes. If so, fine, order the blue shoes. No big deal.”* (Melinda Lynam, Monday's Child) [Lynam, M. (2014, March 31). Small Business, Big Mistake: Going

into Business Without an Exit Plan, The Washington Post. Retrieved from <http://www.washingtonpost.com>]

While no one wants to think about the ending, especially when you're so excited about the beginning, part of setting the partnership terms is having an exit strategy.

Even the most amicable of splits can be emotional and turn sour quickly. A well-prepared agreement will guide you and your partner through the process if the time comes. This can decrease the emotional aspect and allow you to focus on the best possible outcome for everyone.

When you think of exit strategy you may think of a business being sold or the partnership dissolving. But there are other events that could affect the viability of the business -- such as illness, death, business failure, or members leaving -- that you need to anticipate and make provisions for.

We've covered the basic information to include in a partnership agreement. This is ***your*** agreement so make sure it's tailored to you and your partner's circumstances and to your business's needs. You have to protect yourselves, your families, and your business from a financial and liability standpoint so it's better to have something in there that you never use than to not have covered all of your bases.

If you can afford the fees, it would make sense to spend the money to get professional assistance from lawyers and accountants at the beginning of a partnership.

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