Key Conversations: How to Talk to My Business Partner About Financial Decisions

Overview

When business partners assume too much about roles and responsibilities, frustrations arise. Effective communication about roles and having key conversations about how each partner addresses financial concerns can pre-empt problems.

Objectives

Set aside time to explore roles with business partners, especially in regard to how each partner makes financial decisions so that:

New policies can be established in order to make decisions based on policy rather than emotional reaction to situations that arise.

Activities

Schedule a time to meet with your business partner. Each partner makes two lists:

1. List all the things you bring to the table, your roles and responsibilities.
2. List all the things you believe your partner brings to the table.

Now discuss these lists in detail. Did your partner view your roles differently than you view them? What assumptions did you discover? How do these assumptions affect your working relationship? When it comes to financial responsibilities, is there an equal distribution of responsibilities? Is one partner continually reigning in expenses while the other is more generous to employees?

Adaptations

Consider bringing in a mediator if there is significant tension on key issues so that resolution can be arrived at.

Evaluation

Take a few minutes to evaluate the value of this exercise; what new discoveries will enhance your business or improve your partnership? Consider repeating this exercise on a quarterly or annual basis to provide the framework for effective communication.

Materials

All that is needed for this exercise is a quiet conference room, pens, notepads and uninterrupted time. Meeting away from the office may prove beneficial.

New Directions

Allow discoveries from this exercise to inform new policies. These policies can prevent friction between partners as they guide future decision-making.

For example, an architecture firm had two partners who were both involved in various non-profits and were annually solicited by local charities for contributions. Each request required another decision that became more difficult in challenging economic times.

They created a policy to enable charitable giving at a rate that was a percentage of the previous years' profits and set-aside 4 charities (2 each) that were traditionally supported and allowed for one new charity for each partner for the year. They qualified each donation with criteria, such as building ties with the community for future projects.

In this way, both partners could feel that their favored charities were supported, and each new charity would have to meet clear guidelines to be considered.