ON THE SAME PAGE

A Field Guide to Creating and Nurturing
Great Partnerships in Business

By Steven Wilkinson

A Good & Prosper Publication

"For the answer normally just appears
by opening nose, eyes, senses, soul."
~Anon

TABLE OF CONTENTS

FORWARD

In fifth grade, I met Joel Pearlman, the person who would become my best friend, my business partner of more than 26 years, and one of my most challenging—and absolutely rewarding—relationships.

Although we founded our company, imageOne, together in 1991, our business story begins years prior when we started our first entrepreneurial venture together in 9th grade: selling Blow Pops out of our shared locker to class-mates. We would buy the lollipops wholesale from Joel's uncle who had his own store and sell them at huge profit margins. The business was a success—students were lining the hallways each day to buy our product. Joel and I have been working together, through thick and thin, ever since.

Joel is like a brother to me. In a way, we have an advantage that many business partners don't: we actually love each other. Joel and I agreed long ago that our friendship comes first, and that we would protect it at all costs. Many compare business partnerships to a marriage—you've made a commitment to work with this person, for better or worse, and it requires a lot of effort.

The successes and challenges of running our company have been ongoing since day one. Our partnership has been, at times, a source of anger, anxiety, and frustration. We both have strong personalities and opinions. We are vigorous debaters and we are usually both right. There have been times in our partnership when both of us have had enough of the other, wanting to leave and do something different on our own. After all, wouldn't that be easier?

As you read this eBook, you'll gather valuable insights from Sir Steven Wilkinson's wealth of experience on what makes for a successful business partnership. Through his 17 years experience working with various business partners, he's become an indispensable resource for understanding how to build aligned partnerships that result in lasting success. I first met Steven through the Small Giants Community, where we bonded, not only over our shared interest in its philosophies, but also our unique experiences in co-ownership and partnerships.

Seventeen years ago Joel and I were speaking to my good friend and mentor, Gino Wickman, bestselling author of the book Traction: Get a Grip on Your Business. That day we happened to mention to Gino that we were frustrated with each other. Then came the indispensable advice that has served us since we heard his words: “Sounds like the two of you need to get on the same page. Why don’t you go offsite once a week and discuss your issues, challenges, opportunities, and life's goals together?” And thus, our “Same Page Meeting” was born. We started meeting every week for two hours off site at a coffee shop. The meeting has evolved over the years, with the rhythm every two to four weeks depending what is going on in our business and lives. But one thing stands - we meet regularly, come prepared, and hug at that end (well, at least 85% of the time!). The meeting has served us through the success and challenges that inevitably come with a partnership. Our agenda stays fairly simple—what do each of us need to discuss? Prioritize the list. Discuss. Listen. Be present. Agree on our decision and be accountable. Hug. One thing is for sure, we both feel better after every meeting. The conversations bring new perspective to the story we have playing in our head. And, we always re-view our life vision and goals together with one thing in mind—what can I do to help you accomplish them?

Along the way, I discovered a tool that I wish I had found years earlier: mind-fulness meditation. The day that I finally decided to sit in a chair and do nothing changed things for me. I realized that meditation might be useful to me in my life and as a leader. As I built my practice, I learned how much it would come to help my business partnership with Joel, too.

Since starting my meditation practice in 2005, I’ve noticed a huge shift in our partnership. I’m more aware during conversations and in meetings to not go into “debate” mode. I’m more patient (usually!) and able to listen fully be-fore thinking of a response, judging or quickly reacting. I’m also more aware of how Joel might be feeling on any given day—maybe he didn’t sleep well the night before or he has other things on his mind. When we disagree about something, my practice has allowed for me to recognize the feelings that are surfacing instead of moving directly into a strong response. It reminds me of one of my favorite quotes from Viktor Frankl: “Between stimulus and response there is a space. In that space is our power to choose our response. In our response lies our growth and our freedom." I haven't always been aware of that space, particularly when it comes to managing my business partnership.

On a personal level, my meditation practice has allowed me more effectively to communicate with the person who is not only my business partner, but my most cherished friend. We've also found great success in committing to the regular, "same page" meetings. It's easy for long-term business partners—especially ones who have been friends as long as we have—to assume that trust and alignment is a constant. Instead, Joel and I have decided to protect and build that trust by committing to constant collaboration through our "same page" meetings. It helps us avoid unnecessary conflict and, as the name implies, get on the same page about where we're headed as a business and as partners.

We've even transcended our same page meetings into our relationships with our wives. A marriage requires work just like a business partnership. And, it's been my experience that one of the key components to a healthy marriage is communication . . . yup, being on the same page. My wife, Emily, and I meet monthly for what we call "Our Meeting." Emily and I have an agenda where we discuss our relationship first (including our family values, shared vision for the future, and individual goals), followed by finances, our kids (and how we are parenting), and our schedules. We always try to end it with a nice lunch together.

Ultimately, the glue that holds Joel's and my partnership together is our shared passion for what we're building at imageOne: Delivering extraordinary experiences that positively impact the lives of our team members, the goals of our customers, and the fabric of our community. It is our shared passion that helped us earn a spot on the Forbes Small Giants 2017: America's Best Small Companies list. Most importantly, I've learned to truly accept my business partner (and friend!) for who he is, not what I want him to be. Although Joel and I think and do things differently, he has incredible talents which I don't possess and as a result, we really complement each other. I wouldn't have it any other way.

Rob Dube
Co-Founder and President, imageOne
Author, donothing: the most rewarding leadership challenge
you will ever take

INTRODUCTION: FOR BETTER, FOR WORSE

Recently I resigned as chairman of the company that I had founded some four years ago. I left quickly the moment that I realised I was not going to win the fight over the leadership, strategy and vision of the company, against the man whom I had backed when I set up the company and who was, to all intents and purposes, for those four years, my partner.

Leaving a partnership is cathartic. Problems and tensions that were glossed over, ignored or deemed irrelevant, suddenly loom large and become existential. Conflicts that were avoided move centre stage and come to define the partnership. It is no longer about what you have in common, but what separates you. What the previous day were differences of opinion, the day after are in-surmountable obstacles to further co-operation.

I have no more or less experience in analysing private relationships, be they marriages or friendships, than any other man who is married, in the middle of his four score years and ten and has had his share of both bad and wonderful partners in his private life. But I do have a wealth of experience in working with business partners, having set up and nurtured some ten businesses over the course of the last 17 years, always in the role of supporter, financier, networker and enabler. It is what I do.

These businesses have ranged from wildly successful to awful and the partners with whom I have worked have all, with-out exception, been hardworking, intelligent—sometimes frighteningly so—and charismatic individuals. I have played the role of operating partner alongside my counterpart; sometimes I have been a business angel with a close relationship to the operating partner; other times my position has been more formal (when, for example I play chairman to somebody else's CEO) and mostly it has been a combination of those roles. I have seen a pretty wide range of types and typographies and feel that I have something to say on the subject of choosing, nurturing, keeping and leaving business partnerships, which may be of use to those readers, who are themselves engaged in realising their entrepreneurial dreams in a team of two or more co-owners.

Successful partnerships in business are rare - much rarer than successful entrepreneurs as whole. If I had to think of five truly outstanding business partnerships off the top of my head, partnerships which glowed with authenticity, mutual respect, outstanding value creation and lasting commercial success, I would be pushed to name them.

Hewlett & Packard immediately spring to mind, as do Buffett & Munger (the powerhouses behind the investment company Berkshire Hathaway), possibly Kohlberg & Kravis (the founders of the private equity firm KKR). Going back to the 70s and 80s, I can think of James Hanson and Gordon White, the operating genius-es behind the transatlantic conglomerate Hanson Industries plc and from the same era, the Saatchi brothers, whose eponymous advertising agency became one of the industry leaders under their stewardship. But I am already struggling to think of more lasting well-known partnerships that conform to the criteria I described above.

Hitching yourself to a partner in a business venture is life-changing event and requires an significant investment from both sides in order to function well, let alone outstandingly.

Where my business partnerships have failed to live up to expectations, there has always been misalignment, small and insignificant, possibly even unnoticeable in the early phases. These misalignments were definitely there, if I had been sensitive enough to recognise the signs, but they would eventually lead to irreconcilable differences in strategy, culture, vision, expectations of leadership and, right at the end of every process, a breach of values, that made continuing impossible and a parting of the ways inevitable.

This small book, which I like to think of as a monograph, is designed as much as a reflection on my last 17 years of partnership experience in business, as it is a guide book for the interested. I am writing it primarily to myself, in the hope that, in spite of my most re-cent setback and disappointment, I will at some future stage, re-engage with a partner, perhaps a few, in order to share the burden, the excitement and the joy that is part and parcel of every business adventure.

More and more individuals are venturing out into the world of business, hopeful of creating their own version of self-sustaining prosperity, of making their mark on the world and creating a source of income and, if they are truly entrepreneurial, a source of wealth for themselves and their families, which will support them through their lives.

Never has the promise of entrepreneurial success been so nearly within the grasp of such a large proportion of the population as in this second decade of the new millennium. Never have the challenges to the traditional model of employment been as harsh or as real, making the prospect of creating our own individual model of economic independence almost a necessity and never have the resources, infrastructures, guidance and acceptance of the entrepreneurial path been as supportive of the choice to live an entrepreneurial life. This is a great time to be going into business.

All business is dynamic. It changes as it grows and evolves and we change with it. All business is, at its foundation, based on relationships. Relationships determine every single aspect of the value-creation process from the relationships to financial partners, to employees, to customers, to suppliers, to the interested observers from the media and your marketplace, to the neighbours on your trading estate or your office block, to the consumers of your communication and those impacted by your products and your presence. Businesses do not exist as models, as spread-sheets, as financial reports, as money in the bank or legal structures. These visible and tangible manifestations are merely the material expression of the immaterial life of the business, the beating heart of which is its complex web of personal relationships, with none more important in a co-owned business, than the central partnership at its core.

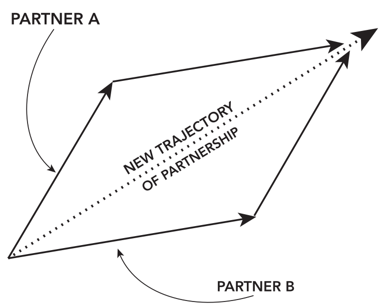
Most will choose to pursue this path by themselves, but some, by no means few, will team up with a co-visionary, either as a working partner or in the guise of a business angel and enabler and attempt to spread the load and ease the loneliness which the journey will inevitably entail. This can be a great choice and a source of unlimited energy and potential—if it works. If it doesn't, then the entrepreneurial dream can become a nightmare, friendships can be destroyed, businesses broken and potential remain untapped. This booklet will have succeeded, if it contributes useful guidelines and principles to those choosing to build their business on a core partnership and steers at least one partnership towards a better alignment and lasting co-ownership.

ON THE SAME PAGE: ALIGNMENT AND VECTORS

I like to think of partnerships as vectors. A vector in mathematics, as you may remember from your schooling, is "a quantity possessing both magnitude and direction, represented by an arrow, the direction of which indicates the direction of the quantity and the length of which is proportional to the magnitude."

You will no doubt remember, that when you added two vectors together, they produced a new vector that went off in a different direction and at a different velocity from the original two and was the product of them. Partnerships work exactly like that: two people, full of energy, vision, stamina and aspirations, both coming with their own particular history and baggage, both motivated by entirely different needs for recognition, with their own particular and unique personal circumstances, combine with the specific objective of creating a business.

This combination of personalities and energies will inevitably produce its own specific vector, whose direction and velocity will, of necessity, be different from that which either of the two personalities would have achieved, had they been acting alone.



Alain de Botton, a masterful observer of human relationships and a keen analyst of love and marriage, refers to the wonder of any relationships working at all, given the deeply flawed state into which all of us enter into domestic partnerships and the grotesquely unrealistic expectations we have of each other and of the relationship from the very start. Much the same could be said of business partnerships. Even if we have known our prospective business partner from school days and think we know the man (or woman), because we spent our formative years with the child, that intimacy can be highly deceptive, when it comes to understanding the motivations and aspirations behind the entrepreneurial decision.

Understanding that the product of the two vectors is going to determine the trajectory of the business, is key to understanding the need for keen attention to that trajectory and to the impetus given by each member of the partnership to it.

In other words, understanding yourself and your partner, recognising that the path along which the unique combination of both partners will take the business, is at the heart of your ability to control and direct it.

If this understanding is lacking, then as sure as eggs is eggs, the point will come when one or both partners will realise that the path being taken is not leading them to where they want to go; that the speed is too fast or too slow for their ambition; the vision is no longer theirs; the culture no longer one that they can thrive in; the workload and rewards too unevenly or too slowly distributed or the recognition and appreciation no longer adequate or equitable. At that point—probably sometime well beforehand - a cancerous energy begins to leech the lifeblood from the core partnership, slowly to begin with, but at an accelerating pace later.

A partner may start complaining about some aspect of their partner's behaviour, leadership, ethics, work pace, quality and/or life style to others inside or outside the business. Perhaps only to a trusted mentor to begin with, but, as the irritation leads to conviction through regular repetition and the vocabulary of complaint becomes more familiar, the process of a breakdown of trust takes on its own dynamic. If it is not addressed and actively confronted it will, over a relatively short time, lead to an inevitable collapse of the partnership. How quickly that process metastases depends on the strength of the business (the weaker the business, the faster the breakdown), the relative energy of the two partners and the extent of the misalignment.

Which brings us to the central issue of alignment. Alignment is the process of ensuring that all the critical elements of the partnership "vectors" are calibrated with each other and that in all critical aspects of the partnership, the combination is channeling the energy of the business in the desired direction. In the following short chapters, I will be outlining the areas in which alignment is necessary and how to achieve it, alongside some cautionary tales of where misalignment led to horrible results.

To finish this section, I can relate the findings of a survey conducted by Doug Tatum and his excellent business consulting organisation, Newport Board Group, a few years ago. Doug is the author of the outstanding book "No Man's Land—What to do when your Company is too Big to be Small and too Small to be Big" and a keen observer of midmarket growth companies. In a survey conducted amongst US executives and leadership teams around the questions of alignment on key management issues, Doug discovered that

- 92% of CEOs say that their teams agree with and can clearly communicate the company's strategy, but 2% of leadership teams can list the same strategic priorities.
- 86% of CEOs believe that everyone is held accountable for performance, but 20% of leadership teams agree.
- 85% of CEOs say that their employees can clearly state their company's value proposition, but 7% of leader-ship teams can articulate a common value proposition.

If this wasn't so tragic, it would be funny. Overlaying my own experience of the quality of communication between key members of the leadership team, be-tween boards and their executives and between partners themselves, I can add that the results are frighteningly familiar. We think we have communicated, when we haven't. We believe we have articulated what needs to be said, but we haven't taken the time to ensure that what we said, was what was heard. We believe we have been clear in our intentions, but forget that most of that conversation took place inside our heads and never made it out through the front door. We think that our partners and leadership teams have all the necessary information, but often we are moving so fast ourselves that great chunks of information are left blank in their narratives, leaving them to fill in the gaps as best they can.

This explains why so many businesses are failing to achieve their potential, why so many partnerships fail and why so many employees (see the annual Gallup engagement survey) are actively disengaged from their workplaces.

Alignment is the key and as Rob Dube, founding partner of imageOne Inc. Detroit, who has kindly written the introduction to this booklet, has told me of his own longstanding and successful partnership with Joel, ensuring that you are always “on the same page” takes commitment, trust, an ability to over-come your aversion to addressing difficult issues head on and early, as well as time and a trusted process.

I have constructed this essay on partnerships in business around the various forms of alignment that appear necessary for a partnership to work well of time. These alignment aspects are not in any order of importance, although I have started with alignment of purpose, as this one facet would seem to me the most crucial in determining the trajectory and strategy of the business: the core mission around which all resources are to be organised. Get that wrong and you are probably on a fast track to disaster. I have loosely organised the chapters around the natural flow of a partnership life-cycle, beginning with the organisational purpose and business idea and ending with the unwinding of the partnership.

I believe that the three most important aspects of alignment are around purpose, values and vision and if they focus their attention on ensuring that they are truly on the same page, partners can subsume and compensate for deficits in other areas. That seems to be intuitive:

If you agree on what you are supposed to be doing, where you are going and how you are going to treat each other along the way, then you pretty much have all your ducks in a row.

I believe that this is true for any leader, but particularly so for partners, as small differences in opinion and direction can and will lead to chasms of difference over time. My father, a keen sailor and expert navigator used to tell me that one degree off-course at the start of a trip would eventually lead to hundreds of miles off-course after time, which is like heading for Bermuda and ending up in Brazil. Also fun, but not if you really need to be in Nassau.

I trust the reader will find some aspects of this field guide useful in calibrating and aligning their own partnership, whether nascent or mature, and that their business will be the happier and more prosperous for it.

ALIGNMENT OF PURPOSE

I am starting with purpose in the analysis of alignment in a partnership. As in my experience, it is the subject (next to values) which receives the least attention, but which has the greatest effect on the trajectory of the business.

What is purpose and why is defining it in a business context so critically important? Purpose for a business is the definition of whom it is serving and answers the question: What is the organisation's evolutionary objective? From the answer is derived the mission and from that follows the organisational business model. So for a partner-ship, identifying the mission of the organisation, is crucial in determining the purpose of the partnership.

My own contention is that the only raison d'etre of any business is to serve a specific community of people in solving a specific, articulated problem. Businesses are not primarily there to make money or serve shareholders, or employees or any of the myriad other constituents, just to solve problems. If they do that well, then all the other communities of interested participants will and must receive their due rewards and recognition, but only after the primary purpose has been fulfilled.

So the very first question partners need to ask of each other is

"Do we agree on what the purpose of business is?".

There are libraries full of academic discussion on what the purpose of business and commercial activity is and as in all dogmatic discussions, the various proponents of the opposing creeds state their arguments emphatically, emotionally and often in a manner that is not very helpful. Partners need to be in agreement on this fundamental issue, before they can even hope to move on to higher levels of alignment.

The second question, partners need to answer and find agreement on is the question:

"Do we agree on the purpose of THIS business?"

This needs to be precisely defined and further qualified by asking the questions:

- "Which problem(s) are we uniquely qualified to address?"

- "Which target groups are we serving or do we wish to serve (and why)?"
- "Which specific, urgent needs are we focusing our business energy on addressing?"

It may be that both partners are product-focused, or technology experts and their business interest is at heart a research and development partnership, fueled by mutual love of engineering and product development. It may be that such a partnership finds its purpose embedded in the technology or science and the partners themselves recognise in each other complimentary scientific and engineering skills. In a business context this is dangerous as it obscures the true purpose of any enterprise which, as I have outlined above, is to solve specific problems for a specific group of people.

In his excellent book, The E-Myth, Michael Gerber highlights the fact that most businesses are started by people seeking to create their dream job on their own terms, usually motivated by extreme frustration at the incompetence of their previous corporate environment. However, they forget (conveniently ignore or are just blissfully unaware) that by swapping a specific job for the role of entrepreneur, they are not just recreating the desired role for themselves (for which they are usually well qualified). They are also taking on a raft of other jobs (e.g. accounting, marketing, office management, supply chain etc) for which they may be uniquely unqualified.

Creating a business or revitalising a broken one, which has been a core focus of my own activity over the past two decades, always implies a commitment to serve. That service is defined by the problem you focus your and the business's resources to solve. You are in service to the community of individuals (and, at the end of the chain, your customers are always individuals) characterised by their ownership and urgency of the problem you have contracted to solve. Accepting this requires a shift in mindset from an egoistic perspective (i.e. "I want to do this or that") to an altruistic one (i.e. "What do I need to do to serve?"). The core question then becomes one of "What do my customers and by extension my business require me to do?" rather than "What do I want to do?". Prosperity and growth come when the two are perfectly aligned.

Identifying the purpose of the organisation you are partnering to start or to develop, requires you to answer this question deeply.

ALIGNMENT OF BUSINESS MODEL

The question of whether partners are in agreement over the basic premises of the business model, may appear to be banal: I mean, how could anybody not be in agreement on something as basic as that? As simplistic as it may appear, understanding the nature of the business model and the need to adapt it, as it is tested in the white heat of the market place, is a litmus test for the culture and robustness of a business partnership. Business models are just that, models and models may or may not be an accurate replication of what hap-pens in reality.

When one partner is tenaciously wedded to his model, to his way of interpreting and coping with the complexity of life in his chosen marketplace, then strange things can happen when the model proves not to have all the answers or, indeed, just doesn't work the way it was designed. An entrepreneur who is deeply attached to his formula may double down and become obsessed with the world right in the face of evidence to the contrary. He may begin distorting reality, blaming circumstances, bad execution, ignorant staff, exogenous events or even his partner's lack of faith and enthusiasm. This eventually leads to he or she driving the business into the ground, usually still tightly clutching the pristine blueprints of his brilliant business model in his or her hands as he or she goes under. I have seen it happen and it is not a pretty sight.

I have always loved the quotation, attributed, possibly wrongly, to Einstein, who said: "The answers are in the wastepaper basket." I understand this to mean, that when trying to build and test a hypothesis (or model) to ex-plain the way the world works, the scientist will always feed reality into his model and measure and capture the results through a series of controlled experiments. Many of those experiments will result in a failure of the model to deliver the results expected and those "failed" results will end up in the wastepaper basket, literally or metaphorically.

Einstein admonishes us to be particularly watchful of those "failed" results, because through them we can learn to question the validity of the hypothesis and, through reflection, adapt and improve it, to the point at which reality and the model are in harmony.

This is the heart of the entrepreneurial process. We succeed in an endless progression of iteration, incremental improvement and adaptation. We fail through a dogmatic insistence on an ab-solute truth and a lack of humility in the face of a reality that simply refuses to bend to our superior model. Customers don't do what you predicted that they must; Production processes re-fuse to conform the limits you have set them; Suppliers don't ex-tend to you the terms of trade that your model re-quires them to; Inbound marketing activities do not yield the responses you predicted that they must; Investors do not value the business in the same way that you insist that they should and your model deserves; Boards do not support you as they should. The possi-bilities for entrepreneurial models to dis-appoint and invalidate the original Hypothesis are endless and certain.

Questions for partners to answer and debate are as follows: How will they deal with the inevitable disappointment of the business model design? How well will they adapt? How easily can they subsume their own egos to the dictates of an unhelpful and un-cooperative reality?

Another great thinker of the 20th Century, Mike Tyson, world heavyweight boxing champion in the 1990s, put it only slightly less subtly, when he mused "Everyone has a strategy, until they get punched in the face." This is going to happen, if not in the first round, then in the second or the third. Knowing this and be-ing ready to recover, pivot and adapt are critical partnership char-acteristics.

A good partnership can prove its worth exactly here.

Nowhere is the requirement for critical thinking, for analysis, for engaged conversation more important and valuable than in dealing with the reality of a business model that requires serious adaption.

A strong partnership will flag the issues. It will create the space for dis-passionate analysis, for probing, questioning, tweaking and constructive argument. Great scientists work in teams that are interdisciplinary, precisely because the benefit of alternate perspectives is so crucial to the process of adaptation of the hypothesis. The enemy of adaptation is arrogance, which is derived from the Latin arrogare, meaning 'to claim as one's own' or literally 'not to question'. The avoidance of questioning, the intermingling of ego with business model, the stubborn belief in one's own infallibility, produces rigidity, a siege mentality and eventually collapse, as the business and usually the partnership before it, proves incapable of sustaining itself under the weight of its own contradictions.

How do partners ensure that they do not fall prey to the sin of arrogance in respect of their business model? The rules of scientific experiment can be most helpful as a process and require three basic steps:

1. Formulate the hypothesis: In an entrepreneurial context, this means writing down or capturing the essence of the business model. An excellent tool for doing this is the Business Model Generator canvas which is avail-able either as a book (amazon link) or, for a fee, the excellent online tool (www.strategyzer.com). Taking the time to craft a full version of the business model through the generator, capturing the input variables, the value proposition, the customer segments, the gross and net margin expectations and the velocity of sales, costs and productivity within one graphic is enormously helpful and can concentrate the mind. Of course in this context, the budget and forecast are also integral components of the hypothesis and are the most easily measurable, which leads on to the second point;
2. Measure the results: a good scientific process envisages a series of controlled experiments in which various variables are tested in order to prove the hypothesis and to establish its robustness. Often the degree of variable control in business is limited, but it is possible to identify proximate causes every day and every month - separating out the noise from the true determinants of performance if you are attuned to looking for and analysing them.

Engineers, with whom I have engaged in business, are often disgusted at the unprofessional, undisciplined, emotional and unscientific way in which business operators deal with the reality of their existence. They cannot understand why so little rational examination of output results is under-taken and measured against expected outcomes in a structured and curious way - a seeking of the truth, rather than the validation of ego. Benchmarking, constant review of performance against expectation and a relentless focus on key financial indicators are critical partnership commitments;

3. Adapt: As the results of the ongoing experiment flow into the business and are captured and analysed, so a pattern will emerge of what is working and what is not. Sometimes it becomes apparent that the premise upon which the entire business was built, is called into question as customers, the market, suppliers, materials and financial results refuse to conform to the models prediction. I have yet to see a business model that survived its first contact with the reality of the market, without the need for adaptation, nor have I yet seen a business model that did not yield some worth-while, persuadable avenues of profitable enquiry very quickly. Responsiveness and lack of arrogance are what distinguish the winners from the losers here.

ALIGNMENT OF TALENT

We thrive when we are in our element, when we are performing the tasks and activities to which we are most adapted and which feel the least like work and come most naturally to us. There is a strange and destructive belief that has come to define our business activities that goes something along the lines of "if it ain't hurtin', it ain't workin'. "And that entrepreneurial success is determined by working at and beyond the limit of your capacity, yoking yourself to an endless grind of hustle and crisis management, until you hit that magical point at which you are swimming in money and you can live the life of Riley.

As popular as this myth is, it is also nonsense and doesn't have to look anything like that. The key lies in ensuring that you and your partner's talents are fully aligned around the critical functions necessary to fulfill the company's purpose (solving the problem it was set up to tackle) and that each one of you is truly doing what you individually do best.

At any stage in the life of any business, there will be activities and tasks for which neither partner is particularly well-suited, but which need doing urgently and need doing well. When partners (or individual entrepreneurs) start getting hampered and bogged down by the stuff they hate, the burden of entrepreneurship and business can become unbearable and the energy left over to create real value can dwindle. It is crucial for partners to make as complete an inventory as possible of their talents and preferences, to map those onto the actual requirements of the business (model) and to prioritise and then figure out how to fill in the blanks.

Given that the talents and skills of the partners are prime, distinguishing resources of the business (especially in the formative stages) the company needs to ensure that those resources are being most efficiently deployed in service of the mission. Wasting re-sources, particularly precious and irreplaceable ones like time, energy and enthusiasm, is something no business can afford. And nascent partnerships and early stage or crisis stage businesses much less so than others.

Two of the partnerships I referred to in the introduction to this book, namely those of Warren Buffett and Charlie Munger of Berkshire Hathaway Inc. and James Hanson and Gordon White (of Han-son Trust plc) have always held a particular fascination for me. Both partnerships were running publicly-traded investment holding companies. Both controlled huge multi-billion-dollar corporate portfolios, although with vastly different investment styles. Both partnerships were constituted of highly idiosyncratic, forceful and powerful individuals and interestingly both found that their partnership worked best when they were not in the same geographical location. James Hanson ran the UK and European side of the business from his small office in London whilst his partner Gordon White supervised and grew the US operations from his base in Los Angeles. Warren Buffett is famously based in his office in Kiewit Plaza in Omaha Nebraska, whilst Charlie Munger, resides and works from his office, also in Los Angeles. Both partners in both partnerships spoke (speak) every day on the telephone and used (use) each other as sounding posts for ideas, problems and for exploring any intellectual or operational issues that they might be grappling with. Both partnerships existed with very wide areas of freedom of operations for each partner, whilst conforming to a very tight and strictly defined set of values and investment principles All four partners were unfailingly generous in their praise and appreciation of the work and intellect of the other and went to great lengths to protect and strengthen each others reputations and integrity. If there were problems in the partnerships—and given the strengths of the various personalities involved, there will have to have been—they never let them filter outside the privacy of their inner sanctum.

The Lords Hanson and White have long since died and their unique investment company was unceremoniously dismantled several years later. Buffett and Munger, both in their late 80s are still going strong and have built a company that will surely outlast their personal leadership tenure by many decades. However, the legacy of their lives' work in the form of their personal partnerships will outlive the legal entities that they created. The lessons and examples they provided have already passed into business lore. Studying great partnerships and reflecting on the personalities, techniques and operational frameworks they instituted to ensure the best possible chance of success is a useful practice for anyone involved in designing and living in their own business partnership.

In chapter 14 of the E Myth, Michael Gerber tackles the question of organisational strategy and explores the travails of Widget Makers Inc. and the two founding partners, the brothers Jack and Murray Hopeful. This chapter (actually the whole book) should be required reading for anyone contemplating going into business or wishing that they could find a face-saving way out of an existing business, before it kills them. Michael starts off the chapter with the following statement:

"Most companies organise around personalities rather than functions. That is around people, rather than accountabilities or responsibilities. The result is almost always chaos."

And then goes on to detail the usual trajectory of the slide into chaos that takes place when a business, irrespective of its size, avoids the critical work of establishing a systematic organisation capable of delivering the value proposition in the most efficient manner possible. This is the core business-building work that every single entrepreneur and partnership needs to focus on, assuming they want a functioning enter-prise to serve them, rather than just an extremely time consuming super job, which carries the label "My own boss" but is, in fact, indentured self-exploitation.

ALIGNMENT OF VISION

I am a big fan of visioning as a business discipline and I have applied the lessons and processes I was privileged to learn at the feet of the visioning master, Ari Weinzweig - many times over the past decade—in entrepreneurial and commercial, as well as private settings. Ari and the late and sorely-missed Stas Kazmierski, are/were founder and partner respectively at the Zingerman's Community of Businesses (ZCoB). ZCoB, an Ann Arbor, Michigan-based group of food companies and one of the inspirations for Inc. Editor Bo Burlingham's wonderful (and, for me, game-changing) book "Small Giants—Companies that Choose to be Great instead of Big". Ari has himself nurtured an outstanding business partnership with Paul Saginaw over the last 30 years in which they have created a business community that is authentic, deeply respected and rooted in its own local community, vibrant in its culture and excellent in its business performance.

One of the critical processes developed, refined and adhered to within the organisation is the discipline of Visioning or, as Ari frames it, crafting a vision of success. Visioning occurs when the leaders of the business initially (later the entire organisation) documents its description of the business as they envision it to be at a certain specific time in the future, no less than three years out and probably no more than a decade hence and attempts to describe a successful state of the business at that time, in as much detail as possible. Ari writes in the first volume of his four volume book series "A lapsed Anarchists Approach to Great Leadership" that a vision of greatness must conform to four basic principles. It must be:

- Inspiring and exciting to all those involved
- Strategically sound
- Documented in prose and written in the present tense
- Communicated as broadly as possible, both within and outside of the organisation*

(*See Zingerman's 2020 Vision www.zingermans.com)

Having tried, tested and adapted the Zingerman's Visioning process over many years, with astonishing results, I can attest to the fact that producing this document is the single best leadership and partnership tool available and that, if executed well, can help partners establish a deep understanding of their mutual expectations for them-selves, for each other, for their business and for their leadership. A well-crafted vision document, conforming to the criteria laid down above, will lay down the aspirations, the roles, the impact, the culture, the performance, the focus, the mission and the spirit of the enterprise—all completed in a way that no other document, business plan or strategy paper can ever hope to do. It does not obviate the need for these other documents, but it does tie all the various elements of the business together in one aspirational description of what success could and does look like in the minds of the leaders.

A vision document is specific on details. It is holistic in that it can and should include all those aspects of the business and its predicted form that the partners themselves believe is vital in their concept of success. The vision reveals as much in what it leaves unsaid, as it does in what it describes. It uncovers the inner world of the leaders, making it available and real to the organisation and those who engage with it: employees (present and future), suppliers, customers, financial partners and the local communities. The vision presents an additional benefit of being a reference points for the partners' families and spouses, who then can read the trajectory and goals that their wives and husbands have en-visaged for themselves.

In the decade in which I have been using the visioning technique (as I learned and adapted it from Ari and the ZingTrain team under Stas and Maggie Bayless) I have not been able to find one single reason not to engage in this exercise in any business, no matter what the state: distressed, growth, start-up, restart, restructuring.

Taking the time (and it takes astonishingly little time to produce a workable document) to capture a vision of success and to document a significant waypoint in the company's future is simply the best leadership tool I have encountered. Full stop (Period!).

For partners the visioning process and subsequent document has additional advantages:

- It allows them to articulate and compare their individual aspirations and pictures of the business, making for rich discussions as they seek to merge their individual visions;

- It requires them to describe their own roles and ambitions in practical and emotional detail;
- It throws differences in emphasis and values into stark relief;
- It quantifies the otherwise nebulous definition of growth and size;
- It determines priorities;
- It allows for a specific definition of financial success both in the business and individually;
- It tells the partners what they are definitely NOT going to be doing;
- It ensures that they tell the same story when communicating inside and outside the business;
- It allows them to manage conflicts by referencing back to the Vision and both putting current disputes in context and by allowing them to re-turn to the source of energy and inspiration;
- It is a map by which they navigate difficulties and challenges along the way.

A word of warning: In much the same way that values are non-negotiable and need to be aligned very early on in the partnership, so too does a mutual appreciation of the practice of visioning need to be established between the partners in order for the partnership to succeed. It really doesn't matter what the alignment is—both partners could agree, for example, that visioning is a waste of time, or something for later—but it needs to be explicit. If one partner is all in favour of it and the other indifferent or even hostile, then things will go wrong sooner rather than later—guaranteed. Visioning requires openness and the ability to demonstrate vulnerability in sharing deeply held aspirations. Visioning does not work well (or at all) with cynicism or destructive pessimism. One partner alone cannot vision for two: if she finds herself having to do that and no amount of explaining or encouragement can move her partner to participate, then she should kill the partnership. The lack of balance inherent in the failure of the visioning process, is indicative of completely different and usually incompatable perspectives on business, life, the role of relationships and emotions, which will quickly affect leadership culture, communication and by the short road the functioning of the partnership itself.

ALIGNMENT OF PERSONALITY AND MOTIVATION

I have partnered with people with personality traits across the spectrum in terms of their motivation and determination to succeed. I have partnered with off-the-scale intelligent partners, who coerced their intelligence to serve an insatiable appetite for wealth. I have had partners for whom recognition and the need to be right was their primary motivator and who had little to no interest in wealth other than securing a modest income for themselves; I have had one partner who went berserk the moment he was given the CEO title and acted out his tyrannical personality to the immediate detriment of the staff and the business, until he was forced out in a very nasty board battle. I have partnered with multiple established partners as well as with individuals setting off on their first entrepreneurial journey and I have absolutely no hard and fast rules for determining what will work and what won't.

However, I can identify one critical factor that can mitigate against disaster or failure more than any other and that is time and diligence spent in researching the potential partner, some-thing I have conspicuously failed to do well enough on some occasions, with consistent and entirely predictable results. The Germans have the phrase "Drum prüfe, wer sich ewig bindet, ob sich nicht was Besseres findet." (Test, before you commit for eternity, in case there isn't a better option somewhere) which is usually given as advice to young couples eager to get married after a short acquaintance, but which is just as useful to partners seeking to become co-owners in a business venture.

It is trite to write that we human beings are multifaceted in our design, unique in our individual histories, motivations and aspirations, driven by different demons, talented in extraordinary ways and with vastly differing degrees of character traits that we universally acknowledge to be useful and desirable in a business setting: integrity, grit, determination, charisma, intelligence, practicality, communication.

And yet we all too often seem to forget the critical role that character and motivation play in determining the trajectory of all mutual endeavours.

In his interview in Tim Ferris' recent (excellent and highly readable) "Tribe of Mentors", Graham Duncan, co-founder of East Rock Capital refers to Sam Barondes' book "Making Sense of People" and the OCEAN profiling tool (Open-minded, Conscientious, Extroverted, Agreeable, Neurotic) in which "academics who developed the model clumped every English adjective that could be used to describe someone into categories and reduced them to as small a set of factors as they could. The Big Five is considered the equivalent of [the laws of] gravity in the academic literature on personality." The OCEAN assessment is reckoned to be the most probing and comprehensive of the personality assessment methods. It is only one of many, most of which give workable coordinates (NOT definitive answers) upon which to base a further exploration of character and motivation.

Anyone entering into a partnership, either as an operating partner or as an angel or supporting partner, would be well advised to find some method or framework within which they can make considered judgments about the fitness and suitability of the partner candidate in question. Without such a method, you are effectively flying blind and allowing yourself to be guided by your instinct or your personal likes or dislikes, coupled with the intensity of the aspiration that you are bringing to the partnership venture. Neither of those make particularly good or reliable advisors, when it comes to choosing a business partner and in combination they can be lethal.

Now, having taken a number of different personality assessments myself and shared them with partners and members of leadership teams, I am all too aware that these programs are far from accurate and that with a little practice they can be gamed. Indeed I admit to having taken the DISC test a number of times just to see if I can manufacture a desired profile outcome and it works. These tests all use the weakest of all scientific exploration methods—the self-assessed questionnaire—and then extrapolate based on a database of previous candidates answers (the largest being, I believe the Gallup Strength-Finder database which has some 10 million responses and growing, from which to calibrate answers).

So, at best, you are going to have a broad brush portrait, which will provide clues and possible areas of focus, but definitely no hard and fast answers. This is not a process you can delegate to an app. Using a professional leadership expert well-versed in a methodology with which you feel comfortable is probably the best way to leverage these tools.

The first case, letting your personal attraction to the individual (in other words: Do I like them?) guide your choice, may be a valid criterion for selecting somebody to join your circle of friends, but it is not necessary and certainly not a sufficient criterion on which to base a business partnership decision. In the second instance, the intensity of your own need or desire to enter into the venture, may blind you to faults. You may miss pieces of the talent make-up and other aspects which may indicate incompatibility with you, your values and your ideals. In the very worst case, your own desire to succeed in the venture may make you a sucker for a scam artist or for you to be taken advantage of in some way.

The "necessary, but not sufficient" method of evaluating a potential (or even a current partner) needs to be completed at various levels - talent, skills, values, motivation - in order to gauge if alignment is possible with-in the context of the business venture. Again, you are explicitly not choosing a partner to accompany you on a year long cruise with your family or to be godparent to your oldest child.

You are looking for somebody whose operating and leadership skills are best suited to the venture in hand and to your own role in it. Ideally there will be alignment of purpose, vision and values.

As you construct the business model, you will determine what the model needs in terms of specific skills and talents and agree on who will fulfill those requirements within the partnership. But even if all of those boxes have been ticked and found satisfactory, you will need to be able to take the measure of the character and motivation of the partner in front of you, in order to be able to determine your compatibility and potential for alignment. On this one judgment call, your business partnership will stand or fall.

The only way that I have found to yield real actionable intelligence, is the method Phil Fisher referred to in his classic investment book "Common Stocks, Uncommon Profits" as scuttlebutt —asking, interviewing and following the tracks of the individual back as far as seems sensible to answer the questions of how their behaviour and character have been perceived by others who engaged with them along the way. One must always remember that each individual will have their own perspective, lens and story behind their interpretation. Usually a narrative will emerge, that when referenced with your own filter and character assessment profiles, will highlight the strengths and the weaknesses and allow you to determine what risks you are willing to admit and how you will deal with them when they materialise.

Especially as a business angel or early supporting partner, you are very much in the hands of the entrepreneur you have chosen to back. Once you make the investment, set up the company, fund or investment vehicle, you are wholly reliant on the individual (who is now your partner) to perform the tasks in the manner which you had previously agreed. You may agree milestones or you may arrange for a period of time in which you test the partnership and the business model, but at some stage (probably no later than a year down the road) you are, for better or for worse, tied to the person you backed. Not just your capital and possibly that of others you induced to invest with you but your network, your reputation, your time and your energy will all be tied up in the venture with which you have chosen to associate yourself .

What, very briefly, should a process of enquiry and assessment for partners looking to co-own a business encompass? The following steps and questions are the minimum scope of what I would recommend each partner (but especially an investing partner) enquire of the other:

- Insist on each partner taking and sharing at least one personality profile assessment, preferably with a trained consultant on hand to interpret and discuss the results. Keep and document those results;
- Conduct at least 5 interviews with business associates that you have chosen yourself from your potential partners commercial biography. Talk not only to direct superiors, but include industry partners, people they have done business with in the past;
- Write your own assessment and pro-file based on the feedback you have received. Highlight areas of concern or potential risk and address them in an open conversation;
- Refer back to your assessment, especially the risks you have identified, as the relationship is tested on the ground in those first few months. Take the time to understand how time is being spent and how the character of the organisa-

tion is being formed by the partner's leader-ship style;

- Assess and reassess your decision in the light of your discovery and do not be afraid to pull the plug or call for a re-group, if, you that your initial decision was flawed. I like to remind myself of the famous post-war German industrialist August Oetker's—a serial business buyer and eclectic investor—famous dictum "The first losses are the best losses." He would ruthlessly cut his investment at the first sign of trouble or deviation from the original plan.

A friend and business associate of mine recently told me a tragic story of what can go wrong, when you make wrong judgment calls and engage partners for the wrong personal motivation. My friend had built and was running a very successful and reputable lobbying company. He was an outstanding networker, but not a great financial manager. He was the largest shareholder by far, but had brought on one or two junior partners to spread the load. One year, in which he been expanding quickly, the business took a downturn and he was affected by a stressful cash flow problem. He worked it out, but determined not to put himself in a position again, in which he might be strapped for cash. His solution was to invite a partner on board for whom he had little personal respect but who was independently wealthy, coming from a successful local business family.

When I saw him after a long absence, he had just been ousted by said junior partner from his own company and forced out in unseemly circumstances. He was bewailing his ill-fortune and complaining bitterly about the ingratitude and duplicity of this junior partner, until I carefully pointed out to him that his own motives and attitude in hiring the man, were not only unsound, but deeply disrespectful of the individual and that he had been effectively setting himself up for a fall, the moment he hired a wallet, rather than a suitable partner for himself and his business. We reap what we sow.

And in partnership terms, our standards cannot be high enough, both for our-selves and for the individuals with whom we aspire to partner.

ALIGNMENT OF VALUES

At the heart of every serious misalignment is a serious misalignment of values. This I have come to believe after many conflicts and disappointments with business partners and ventures. Behind each of the previous alignment tests in the preceding chapters, there lies a belief system - a paradigm which deter-mines what we believe to be an acceptable or unacceptable set of behaviours.

When we are misaligned with a business partner, it may be that the misalignment is superficial and can be remedied with a reorganisation of roles or responsibilities, or by adjusting the title or compensation method, by giving more limelight or less or whatever the situation demands. However, I have found that even beneath these seemingly harmless organisational aspects, there lurk values-based infringements, that will never go away, because they are integral to the who we are and how we perceive the world to be.

So many (possibly all) of our daily actions and choices are made subconsciously, based on the way we see the world and how we coordinate our actions to conform to that view. The priorities we set, the model we construct, the language we choose, our perception of right and wrong and our paradigm of scarcity or abundance are exactly reflected in the issues upon which we choose to focus.

Partners need to be acutely aware of the values and principles informing each other's view of the world, for it is in the soil of their incompatibility, that the seeds of future conflict will germinate.

For many people, values are difficult to articulate and capture in words, which, unfortunately, is the best way of communicating them. Emotionally mature and self-reflective individuals have a highly developed knowledge of their own immutable values, their non-negotiable beliefs, and are well-tuned to translating the actions and words of others to divine their core beliefs and paradigms.

We all do this to some extent and have learned to make judgment calls about "how" other people are, by the way they interact with us: How do they dress? What car do they drive? What watch or jewelery do they wear? What opinions do they voice? How do they treat people around them? How sensitive to their environment are they (do they talk loudly on their mobile phones in confined public places)? and so on. Learning to derive the underlying values and principles from these superficial clues is a skill that can be learned and applied to all business dealing. The more intimate and important the relationship, the greater the need to understand and integrate those values.

I am often asked, if the values we espouse in our personal lives are separate and distinct from values in a business context. My answer to that is, that business values are indeed different because of the context of commercial activity. What makes sense for an individual is often not even applicable to a business. However, when it comes to basic human behaviour—how we treat each other and wish to be treated ourselves—there is and should be no difference between the two spheres. In fact, I would go as far as to say, when businesses wander too far off track from what most people would regard as principled behaviour and begin to institutionalise egregious breaches of ethical norms in the name of "standard business practice", then incalculable damage is done to individuals working within those systems (suicide, depression, burn out), and outwardly to the businesses and industries themselves and to society at large. We need look no further than the financial industry in the first decade of this millennium to see where a normalisation of unacceptable behaviour and values can lead.

As a consequence, it is critical that we become aware of and can articulate our own red-line behaviours and can state with conviction which values lie behind our view of the world.

If you are unsure about where to start, then there are three techniques that I have found useful in mining organisational and individual values.

- Your Big Noes: As social beings, we humans like to please and to accommodate our fellows, so we feel more comfortable saying 'yes' than 'no'. When we do say no, especially to something that has important consequences, then we need pretty good reasons for doing so. At the heart of these reasons are our inviable values and behavioural principles. So select 3 to 5 of the most important 'no' decisions that you have taken actively over the past years. Write down what motivated that refusal. What instinct, characteristic, or other aspect of the decision made your 'no' so clear? How did you feel after you had made the decision? Highlight the values that prompted and informed your decision. Then see if there are specific values connecting the decisions you have chosen;

- Role Models: Who do you look up to? Who in your life (family member, friend, mentor, public figure) has influenced you or inspired you to emulate? What specific characteristics appeal to you when you think about them? What is it about them that you admire and would like to be recognised for yourself? What do you do to move towards that model behaviour in your own life?
- Value Cards: We have a deck of playing cards with 54 words each denoting a behaviour that represents a value. Look through the cards and pick the top 13 values that appeal to you or produce a positive somatic reaction. Then take the small pile and select the top seven, then sort them in order of priority and select the top three. Create a hierarchy of those three and you will be left with your most important value. (See www.goodandprosper.com/resources for more information)

I suppose that the real purpose of this book is to enable partners to avoid the unnecessary pain and waste of time and energy that could so easily be avoided, if there was alignment on the basic principles of the venture and a commitment to constant calibration to ensure re-alignment along the way, in what Rob Dube refers to as Same Page meetings.

What is unavoidable in any partnership is conflict itself and the energy that is expended into resolving it when it occurs. My experience has shown me that the work done in ensuring alignment in the early stages of the partnership or in a conscious effort to re-boot the partnership at a more mature stage, alleviates much of the friction that necessarily arises in resolving issues as they emerge in the day-to-day management of the operations. Partners have bad days, feel more or less confident, have external issues which impact health, happiness and well-being for better or for worse and are sometimes more and sometimes less resilient and able to deal with the vicissitudes of outrageous fortune as they encounter them on their entrepreneurial journeys. Emotional maturity, self-reflection and active mindfulness practices can increase our ability to reflect, pause and manage our emotional responses. That being said events can and will conspire to test and prove even the most well-aligned and thoughtful partnership relationships.

ALIGNMENT AROUND CONFLICT MANAGEMENT

My advice for managing conflict in a partnership is to lay down the ground rules for addressing problems in writing and to put in place a mechanism for deescalation from the beginning. As in real life firefighting, fires are best extinguished before they can grow and suck all the oxygen out of the building.

Partners should commit to asking them-selves once a week at least, if there are any issues or problems of which they are aware, which are causing them concern, anger or even mild irritation. These need not be related directly to their partner, but should definitely include such problems as and when they arise. The ensuing conversations should, given the basic foundation of mutual trust and respect between partners, provide a forum for dealing swiftly with misunderstandings, bruised egos and boundary infringements.

Secondly it is helpful to create a “safe space” environment for airing grievances and expressing dissatisfaction (and not just for partners). It is by no means a given that the partners leading a business are more emotionally capable and well-versed in articulating grievances in a non-aggressive way than anybody else in the organisation. Actually, my experience is that leaders are often the worst offenders and demonstrate behaviours that would be unacceptable from other associates. There are many excellent sources of information detailing how to create safe space, but for my money, the best description comes from entrepreneur and Small Giant’s colleague, Nick Sarillo in his wonderful book “A Slice of the Pie” in which he describes his journey of building a purpose-based organisation.

Thirdly, partners should ensure that there is a trusted mediator agreed on by both, who in the event of serious dispute, can be called upon to arbitrate, build bridges and offer a third perspective. It is vital that this mediator be trusted and accepted by both parties equally and should not be seen or felt to “belong” more to one than the other partner. Board members, if available, can and should be consulted to adjudicate and conciliate in genuine business disputes, but they may feel unable to deal with issues if they wander into the personal domain.

Fourthly partners should take time to reconnect outside of the business environment by planning and committing to activities on a regular basis. These can be as simple as going for a walk in the park and sharing an ice-cream and a coffee together, to playing a game of squash or sailing for a day or whatever takes their fancy. Ritualising these mini-breaks can send a powerful message to the organisation and team, that the partners are making a real commitment to the quality of their relationship. The organisation of these outings should revolve between the partners. There is really no excuse for not finding the time even within the busiest schedules and the benefits are large and immediate.

Finally, partners should commit to mediation as the best way to resolve thorny and intractable disputes. Initiating a process of mediation is a big step, as it signifies a serious break-down in communication and problem resolution and once started, the partners will soon benefit from the professional stewardship of a trained mediator in setting out the goals, boundaries and process steps designed to reach a mutually agreeable settlement of the issue.

It is a fact of life that conflict is going to arise and it is as well to know, both how well you and your partner in business are able and willing to deal with conflict as it emerges.

I have personally experienced partners who thrived on conflict and couldn't imagine a day without some form of more or less aggressive boundary marking activity. One partner, whose hard eyes and red face I now have conjured up in my mind's eye, was only really happy when testing himself in battle - either a battle of wits or a battle for power - and who couldn't abide the thought of anybody challenging his authority on his side of the mountain. He thrived on conflict and was very good at it, with the result that the business experienced a high turnover of talented people, leaving mostly staff, who were either inured to his particular style and could manage it, without taking it personally or of weaker personalities, who had no intention of challenging or posing a threat to the big man's authority.

Another partner in a different business was chronically unable to initiate conflict in his immediate environment and as a result was incapable of conducting tough conversations around personal performance and attitude, let alone of firing people or moving them on. This resulted in an even worse culture of disrespect, chronic underperformance, and increased workload for the leader.

ALIGNMENT AROUND COMPENSATION AND REWARDS

You would think, given the general perception that business is all about making money, that dividing up the spoils would be the primary reasons for partnerships to fail and strife to ferment. In my experience it generally isn't, at least not until the business really begins to hit pay dirt. It is the pres-sure of success that can bring all sorts of ugly misalignments to the surface that were hidden or deprived of oxygen during the meagre times.

There are really only a few ways for partners to receive compensation from their business: they can draw income from their operating role by way of salary, bonus or perks (cars, insurance, health care, travel expenses etc) or they can receive income by way of dividends and profit distributions from the annual surplus of the business or they can realise capital gains by selling some or all of their shareholding or partnership interests.

In the early days of any business, the only question that most partners think about, is how little they can survive on and how to ensure that the minimum level is generated by the business. One partner that I accompanied for a few years, told me that in his very first business, he and his then partner were working for the same prestigious consultancy and earning relatively high salaries. They decided that the best way of funding their business together would be for one of them to stay on as a consultant and for the other to boot-strap their new venture. They would then share the well-paid partner's salary, until the business could afford to carry them both at the same level. This worked remarkably well and both partners were in the new business and drawing a salary by the end of the first six months.

In the first phase of the venture, all eyes are so focused on generating revenue, winning clients and pulling all-nighters, that there is no need or room to worry about higher level issues such as who is earning what. Usually both partners will tend to forego a salary when cash is tight (a really bad idea, by the way) and pay themselves last, as the business struggles to establish itself and create more dependable cash flows. Also at this early stage, the passive partner (business angel or investor) is not expecting a flow of funds in his direction. It's quite the opposite as he or she usually will not be dependent on the venture in which he is partnering to secure his own income requirements.

The problems arise when the business begins to stabilise and grow and there is more discretion in the apportionment of funds to the levels of salaries, bonuses and accumulated profit. Within operating partnerships, where both partners are actively involved in the day-to-day operations of the business, the level of compensation often becomes a proxy for relative levels of commitment.

The first signs of looming dissent come, when one partner feels that the other one is not pulling his weight, is not showing the same level of commitment, is coasting whilst the other partner is straining hard. At this point the compensation received is viewed as being "unfair", especially when both are receiving identical salaries, with any bonus being tied to the performance of the business as a whole.

Partners can run into all sorts of difficulties here, especially when work styles are entirely different. An extroverted partner whose talent lies in winning new business or wooing clients, may appear to his introverted, detail-oriented partner not to be "doing any real work" and resentment will result. Alternatively, I have witnessed organisations with multiple partners, such as law firms or accountancy practices, tear themselves to pieces over relative levels of acquisition success and contribution to the overall pot, resulting in an almost permanent crisis over compensation levels, with highly productive partners complaining that they are "carrying" the less productive ones. How divisive this can be, can be seen in the Netflix series Suits (series 5 (2) "Compensation), when a partner battle erupts around the relative merits of billable hours and contingency fees in the New York law firm in which the action is centred (spoiler alert: Harvey wins).

A further level of complexity is added when the business begins to produce significant surplus and an argument en-sues over the application of that profit. Especially for an outside, non-operating partner, who nonetheless plays a strong supporting role for the operating team, a role I have frequently found myself in, the distributable surplus is often the only source of compensation for time, energy and capital invested and thus assumes a central role in ensuring a balanced outcome. Operating partners tend to focus on their salaries and bonuses and can be insensitive to the need for cash flows to external partners. At the same time, profits distributed remove cash from the business and operating partners mostly find more than enough reasons for keeping money in the company for expansion or other purposes. The ensuing tension can lead to misalignment between the two factions and to an eventual dissolution of either the partnership or the business, through a sale to a third party.

Levels of compensation are pretty much always as proxy for personal recognition and appreciation. It follows then, that misalignment over relative levels of compensation and monetary rewards are mostly an indication that appreciation for effort put in and contribution made are out of sync in the eyes of the partner doing the complaining. Descriptions of this situation will always, inevitably centre around the question of “fairness”, which by its very nature, in a system as complex as that of a business, in which cause and effect are hard to pinpoint exactly, is at best a messy concept.

A wise system of compensation will be:

- Easy to understand and simple to ad-minister;
- Agreed on in advance and in writing (in the Partnership Agreement);
- Appreciative of different types of contribution made by individuals to the success of the enterprise;
- Reward individual effort over and above the basic salary, which itself must be geared to the ability of the business to pay it comfortably at all times;
- Be consistent throughout the entire organisation (no special rules just for partners);
- Recognise the needs of the business itself, the external partners and the operating team;
- Strive to find a balance that evolves towards a greater emphasis on returns to ownership rather than returns to work (thus ensuring that the long term direction is to create a thriving business, which can function independently of the founding partners);

- Be regularly reviewed and adjusted.

A few years ago, I was able to have a conversation with the extraordinary Frank Stronach, founder and long time CEO of the Canadian tier one automotive supplier Magna Industries Inc. on his golf course just south of Vienna. Stronach had recently retired from his role as CEO of Magna, the business he had built from a small workshop in downtown Toronto into an international conglomerate with almost $40 billion in annual revenue. He told me that he had a very simple formula for applying the company's pretax profits to the various constituents of his business system as follows (and in this order, as he was at pains to point out):

- 1/5th to customers via price reductions, rebates etc;
- 1/5th to suppliers via payment terms, reduction of discounts, voluntary price increases etc;
- 1/5th to employees via bonus and profit share plans
- 1/5th to the infrastructure of the business over and above D&A and in-vestment plan
- 1/5th to shareholder capital.

This system, faithfully applied to the business from the earliest years, had ensured his outstanding growth whilst freeing up energy that he would other-wise have had to expend in coming up with ever more arcane and complex financial rewards and compensation systems. In Frank Stronach's system, everybody won, both within and directly outside of the core business. He as-sured me that taking care of customers, suppliers and employees first had been the key to his extraordinary growth over the previous decades. My lesson from that conversation and from observing discussions and battles over distribution of the rewards of the enter-prise is that the more you focus on sharing and distributing the rewards amongst the constituent community that makes up the business ecosystem in its entirety, the more that system will take care of you and the less you have to worry about getting "your fair share".

Partners would do well to remember this advice when worrying overmuch about the relative fairness of their own compensation and rewards systems.

Having said all that, I would like to finish this chapter with a nod to the financial psychologists and note that, when it comes to money issues, money is seldom the issue. Ted Klontz of “Mind Over Money” fame states categorically, that in all conflict over money, it is never about the money, but always about some deeper psychological construct that has simply latched onto the issue of finance in order to manifest its expression. As in life, so in business. Fights over money are usually conflicts over appreciation. Bitterness and anger are the product of a failure of gratitude, respect and acknowledgment.

We know from exhaustive research (see Joachim Bauer’s excellent “Prinzip Menschlichkeit” 2008) conducted over the past 30 years into motivation, that all of our actions – both good and bad – are driven by a deeply-rooted requirement of our human condition to be accepted, acknowledged and appreciated. Embedding gratitude and explicit appreciation into our communicative routine as partners is not only good business sense, but enhances our own sense of worth and peace as we genuinely reflect what we value about our partners contribution.

Anyone doubting the efficacy of this need only examine Warren Buffett’s regular highlighting of the performance of his CEOs and business leaders in Berk-shire’s portfolio companies. In every single annual report published by Berk-shire Hathaway, Buffett singles out particular individuals for lavish praise, attention and gratitude, acting as chorusmaster for all his “partners” as shareholders in articulating the appreciation for not only outstanding performance, but also outstanding personal attributes, whilst at the same time singling himself out for regular criticism of mistakes made. The result? Berkshire Hathaway has next to no turn-over at CEO level and the personality loyalty of the 80 or so leaders that is so fierce it borders on obsessive.

ALIGNMENT AROUND GOODBYE

If all of your efforts to seek alignment have failed and you have come to the conclusion that being together is no longer a viable or even desirable option, then it is time to move on. In this case, dissolving a partnership is probably no more or less messy, unpleasant or wrenching and destructive of wealth than the dissolution of a marriage. Trust breaks down. What was previously "us", becomes polarised as individual needs take priority over common interests and communication be-comes fraught and easily, possibly wilfully misinterpreted. If all your best efforts to create alignment have not yielded a common path upon which both partners can happily agree to walk, then it is time to separate and pursue individual paths to fulfillment.

How this is done will determine how much goodwill, business infrastructure, wealth and mutual respect remains by the time the process has been completed.

When a business partnership dissolves, it is rare that the business dissolves with it in its entirety. Businesses are living organisms with a life and dynamic all of their own. They nurture their own communities of interested and en-gaged parties from employees to suppliers to customers to the local community in which they are embedded. As a result any business is (once established) already more than the sum of the individual founders and partners and will usu-ally have a will to exist past the expiration date of the partnership it-self. Usually one partner ends up leaving, whilst another remains behind to mould the company in his own image and to his own individual vision. Recognising this reality is crucial to finding a mode of separation that is the least damaging to the business and to the reputations and well-being of the partners.

The leaving impetus and the staying impetus are often identifiable in individuals, which makes obvious the process of who goes and who stays.

If I am the leaving party, what do I want?

- The financial value of my stake in the business protected and probably paid out to me;

- A clean break with the value of my contractual relationship honoured;
- My freedom to pursue my own path (ie. release from non-compete agreements);
- Security from future liabilities;
- Protection of my reputation;
- My closest associates protected and respected both inside and outside the business;
- A good relationship with the company in the future and in particular with my erstwhile partner;

If I am the staying party, what do I want?

- A minimum of disruption to the equilibrium of the business;
- A quick process and no hostages to fortune;
- A settlement in respect of share-holdings and financial obligations that will not overburden the business or myself in terms of overall size and timings;
- Clarity of communication;
- Legal certainty;
- A smooth transition and hand over of key relationships;
- Loyalty of those close to the leaving partner within the organisation;
- A replacement for the operating are-as that the leaving partner is vacating.

If partners have previously agreed to submit themselves to mediation, then achieving these outcomes should be within reach of any partnership no matter how far apart they may have drifted and no matter how much damage may have been done to the relationships in the build-up to the final decision to part company. If there is no mediator in place, then at least one party should appeal to a trusted advisor, board member or acquaintance to assist in the process. I have been asked to do this on two occasions in the past by partners in businesses in which I had no interest, other than my friendship with the now divorcing founders, and found the role to be valuable in finding a solution, which neither would have found by themselves, simply due to the overlaying emotional charges which distorted their ability to see and appreciate the reality of the business situation. A break-up is an ideal venue for discharging pent up frustrations, built-up lack of appreciation and for balancing (or attempting to balance) the emotional accounts, which have become seriously overdrawn over the preceding period.

As far as I am aware, the partnership agreement or articles of association has yet to be drafted, that captures every eventuality of a break-up and removal of a partner from the business. Every situation has its own wrinkles and special features that are somehow, magically, not reflected in the body of the articles or the law or the partners agreement. It almost seems as if the Gods of commerce were playfully guiding the hand of the contract draughtsman, knowing that the precise aspect missing from the agreement, would, years down the road, be the one most in need of regulation. Experience tells us that true agreement and formal separation can only be achieved by mutual consent. The depth and intensity of the fight in parting is always a reflection of the lack of conflict resolution and misalignment in the preceding years.

The only mechanism that I have experienced that truly does the job of deciding a clean outcome in a business set-ting, at least for the business and from a financial point of view, is an agreement called the Texas Shoot Out, which I first came across many years ago in an excellent little book entitled " The Partnership Charter" by David Gage. In essence the Texas Shoot Out is a decisive process that allows for control and ownership issues to be decided in a speedy and clinical manner. It works something like this:

- The partners agree to submit to the rules of the Texas Shoot Out in their partnership agreement or Articles of Association;
- At any stage, one partner can make an offer to his co-owner to buy them out entirely at a stated price, the offer to be made in writing.
- The other partner then has a period of time (usually two to four weeks) to either accept the offer OR to reverse the deal and buy out the initiating partner on the same terms.
- Either way, the transaction and ownership question can be settled at high speed and at a price determined by the initial

bidder.

The elegance of the process is undeniable: the initiating partner must decide at the outset, whether he genuinely wants to leave or stay in the business. Once he has determined this, he will then either make a low ball offer, which he hopes his partner will accept, being well under his perceived intrinsic value of the business. Or he will make an offer that is significantly above his partner's perceived view of the intrinsic value of the company, in which case he will more than likely sell his share to him.

By agreeing to the process as part of their partnership agreement at formation, the co-owners have a ready instrument to resolve an impasse in the partnership, determined by a game-theory based process, of which both can avail themselves, if the need arises. Given the failure rate of all businesses (>90% by the end of 10 years) and the rarity of truly functioning dynamic business partnerships, it would seem a matter of basic prudence to have a trusted mechanism in place for what is, unfortunately, a high probability event.

CONCLUSION

"I have had to learn the simplest things
Last. Which has made for difficulties."
From Maximus, to himself
(Charles Olsen)

Business is about relationships. Initiating them, aligning them around a common purpose and mutual interest, building trust, solving problems together, nurturing and growing potential and building goodwill, processes, knowledge and understanding. From this rich immaterial soil grow the visible benefits and products of business, the stuff we can measure and count. I am sure that adhering to the old adage "Not everything that counts, can be counted and not everything that can be counted, counts." is the foundation of success in any commercial enterprise and, indeed, most human endeavours.

This monograph, in which I have collected some thoughts and anecdotes from my 20 odd years of experience working with and supporting individuals in achieving their goals of commercial success and deploying their talents in their own business environment, is born of disappointment. I have been disappointed more times than I have been fulfilled, I have seen more partnerships fail than succeed and I have had to walk away, eventually, from more co-ownership structures than I have remained committed to and the knowledge of that fills me with maudlin and gives me cause for reflection and sadness.

I am the last person on the planet, not to seek the reasons for repeated disappointment first and foremost in my own backyard. My default position is to start with the man in the mirror and to ask him what he could and should have done differently. I have sought out partners, because I have always felt that through assisting others to fulfill their potential, I will be fulfilling mine. I like to see the best in others and no amount of disappointment will convince me, that a cynical approach, in which mistrust and a mindset of scarcity and fear set the tone for engagement with the world, is one that would work better or produce happier results. I probably had the wrong sort of childhood for that.

However, I have learned that a relationship-based view of business and a paradigm of "people first" brings its own challenges and particular skills that must be learned, practiced and re-fined over time. Even believing that people are basically good and want to do what is right, does not stop them from being unsuitable for certain activities. Leadership skills can, I sup-pose, be learned, but the will to lead cannot. Communication skills can be improved, but the ability and willingness to engage honestly, openly and without fear of conflict, are skills that are only learned with great difficulty in later life, if they have not been honed from the nest.

Much of the distress and exhaustion experienced in the workplace is due to our refusal to acknowledge that systems that cater to the needs of people are more important than systems that cater to things. When we acknowledge that reality and design systems and processes that recognise the human need for recognition, communication, participation and acceptance, then we can begin to build organisations that thrive and boost potential, rather than leeching it. Nowhere is are these systems more important than in partnerships. By acknowledging the need for systematic ap-preciation and communication of issues, conflicts and aspirations as part of the warp and weft of the partnership life, co-owners practice the skills necessary for the thriving of their business venture. "Leading by example isn't the most important thing" I recently heard as a quotation attributed to Albert Schweitzer, "it's the only thing." Many of the survival mechanisms, learnt and perfected at an early age, are less than helpful in nurturing healthy partnerships and we need to be aware of how we communicate and deal with conflicts and misalignments. We have to learn to address conflicts early on and to create safe spaces within which those conflicts can be captured and defused.

We have to learn that many of the conversations that we have in our heads, are not intuited by the people we are close to and that articulation is critical in creating understanding, even if the initial results are more, rather than less, confusion. Experience tells us, that we have a right to our opinions and that our instincts and ability to identify problems and contentious issues is good and worth fighting for. But most of all, we have to understand that others can only calibrate their own reactions and make choices, if we are clear and unequivocal in communicating our current position and coordinates. Suppressing unpleasant or uncomfortable opinions, deeply held, is not only unhealthy, but disingenuous and ultimately destructive. Not stating clearly where we stand and what our non-negotiable principles are is, in the long run, detrimental to our well-being and our integrity, both of which we should hold dear.

So being a good partner is a combination of continuous work in improving your own ability and willingness to en-gage in forthright communication and in choosing the right people to partner with in the first place. This has, for me, been a long and, at times, excruciating process of discovery. This little field guide is one of the results of that process.

Success in partnership requires so many relationship skills and an ability intuitively to understand the requirements, language and operating system of the other. Great partnership is about more than finishing each other's sentences. It is about deep respect for and acknowledgment of the power of the team, of implicit, hard-earned trust and of full alignment around the key determinants of successful co-ownership—the values, the purpose and the vision. A great partnership can extend the power of each individual partner way beyond his singular capacity, can provide succour and companionship on the entrepreneurial journey and can create outstanding culture, as the shared values and leadership support act as an amplifier of model behaviour to the rest of the organisation, as it grows and thrives.

I believe that such great partnerships are possible and that they can be achieved, if the commitment to alignment is constant and both partners recognise and embrace their responsibility for their own personal growth and the well-being of the person to whom they have yolked themselves to achieve their Vision of Greatness.

THANK YOU

I very much hope that you have enjoyed reading this short book and that some of the ideas and stories have resonated with you and prompted you to take a look at your own partnership relation-ships with fresh eyes. I also hope that you find inspiration and the curiousity to put one or two of the principles at the heart of this book into practice over the coming days and months.

If you do and you would like to share your experiences or just vent your frustrations, then I would love to hear from you. You can contact me via email at steven@goodandprosper.com or on Twitter at @goodandprosper.

I have designed a small Alignment test which you can download from the Good & Prosper website (www.goodandprosper.com/onthesamepage). It is for free for anyone who has purchased the book and should give you a starting point for examining the state of your own partnership alignment. Just follow the instructions on the landing page and of you go. Again, if you have any comments, feedback or questions, I would love to hear from you.

I will be hosting a weekly conversation with extraordinary business partners as well as experts and professionals from relevant fields, the first episode will coincide with the publication of the book and will run with the same title "On the Same Page". If you have enjoyed the book, you will love the conversations we will be hosting, so pop over to iTunes or Stitcher or wherever you source your podcasts and please sub-scribe.

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ABOUT THE AUTHOR

Steven Wilkinson is a serial entrepreneur, investment specialist, writer and founder of Good & Prosper - Strategies for Prosperity, a fledgling online education platform that supports, mentors and encourages business partners and co-owners with advice, thinking and tools to help them craft and implement their own personal strategy for prosperity and to develop their values-based leadership skills.

Working at the interface between finance, strategy and entrepreneurship, Steven is a founding shareholder and ex-Chairman of the publicly listed investment company Solvesta AG, europe's only public company specialised on acquiring and restructuring small and medium sized businesses out of insolvency. He is also a founding member of the Small Giants Community (www.smallgiants.org), a wonderful, US-based organisation, that caters to companies that choose to be great instead of big and provides re-sources to value-based leaders. In addition he is an active supporter and men-tor within the Ashoka Social Entrepreneurship (http://ireland.ashoka.org/) network, both at home in Ireland and in Germany.

Steven was born in Lancashire, England in 1963 and moved to Germany at the age of 24. He spent almost all of his career to date in Munich, Germany, before moving to Ireland with his family in early 2015. Steven is married to Britta and their family is comprised of four children, two dogs, two horses and a tortoise.

Steven is an avid long distance trail walker (see www.peregrinations.eu for the trail blogs), cross country skier and sailor. He is a voracious reader, enthusiastic writer and drinker of large quantities of green tea.

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