

DOUBLE ACT

Setting up in business doesn't mean you have to go it alone. Susanna Stuart debates the pros of having a business partner

Earlier this year, I wrote about my decision to quit my job. It seemed a risky decision after 25 years as a salaried employee, especially when I collected my final pay cheque. In starting a new financial consultancy, I was about to be living by my wits, skills and reputation.

However, the road has been made a lot easier because a colleague, Deborah, decided to come in with me. It's a joy to have somebody to discuss ideas with, to share the worries and dream the big dreams.

When you set up a business, the question of having a partner is one of the most important issues. Statistics from the USA suggest that while small business partnerships are still risky, they are far less risky than sole proprietorships. To go it alone in small business is the riskiest route to take.

But partnerships can have their problems and Deborah and I had to work through several issues. Our main concern was to untangle the fact that we're friends, and to focus on the hard-nosed elements of being in business.

We discussed the vision for our small firm to ensure our values and dreams were similar. All businesses have a working style and philosophy, and we found that by writing our visions down we had the same general attitude. But what if we had differed, fundamentally? The reality is, if we couldn't agree on fundamental principles, our existing relationship wouldn't be enough



to see our enterprise succeed.

We also discussed what would happen if things turned difficult. What if one of us wanted out for whatever reason? Or what if one partner earned significantly more revenue than the other?

We prepared a kind of business pre-nuptial arrangement, deciding in advance what to do if things don't go according to

plan. There are many practical things to consider, including the protection of the company should one or other business partner fall victim to a life-changing event. We decided to insure ourselves with an income protection plan and with life insurance. We also set up trusts as a way to protect the business from a divorce claim.

With tragedy crossed off our list of worries, we turned to the day-to-day frictions that could occur. We set out who will be in charge of what, how we will get paid and how we decide what to do with profits. We set these things out in a formal document.

Deborah and I resolved to have monthly 'board' meetings to ensure we regularly discuss the realities facing our company.

The process of setting up Stuart & Carlyon Ltd has been relatively smooth and, importantly, we've discovered a supportive network of clients and professionals, including a fantastic accountant, solicitor and leasing agent.

There is freedom in owning your own enterprise; however we are mindful of the challenges.

At the end of the day, any business needs to make a fair income and to survive in the rough-and-tumble of the marketplace. The feel-good factor is fine, but profitability must come first. ■



websites for new businesses

- Tax: www.ird.govt.nz/business-info
- Employing staff: www.ers.dol.govt.nz
- NZ Trade and Enterprise: www.biz.org.nz
- Starting up a business – 10 items: www.govt.nz

(go to services section then click on business and trade)

- Helpful websites, business opportunities: www.worksite.govt.nz
- Nationwide organisations, resources, magazines related to business: www.webdirectory.natlib.govt.nz/dir/en/nz/business-and-economy
- Business advice: www.nationalbank.co.nz or www.westpactrust.co.nz