SUMMARY
THE PARTNERSHIP CHARTER

DAVID GAGE

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Summary of “The Partnership Charter” by David Gage

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How to cultivate a healthy business partnership.

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Introduction

When you think of successful business partnerships, a few key comparisons come to mind. You might think of Apple and Google, for example, or the founders of Facebook. But unfortunately, whenever you think of these famous duos, you also remember their equally venomous split. With so many high-profile stories of that nature, it might seem like business partnerships are destined for disaster. And if you've started your own business with a partner or two, you may find that news more than a little disturbing. But don't lose heart! Over the course of this summary, we'll learn about the tips and tricks that can make or break a partnership. And you'll see how following the author's advice can help you and your partner to create a thriving business together.

The Partnership Charter

We've all heard the old saying, "Two heads are better than one." In fact, that's why many people are smart enough to onboard a business partner in the first place. They wisely recognize that someone else's perspective can be an asset to their business. For example, you might be shy and reluctant to assert yourself in competitive, high-energy situations. But maybe your old college roomie is a supercharged extrovert who could knock an elevator pitch out of the ballpark! Likewise, your partner might be bold, ambitious, and prone to charging into situations. That means they can benefit from your calm, even temperament and your tendency to consider all aspects of the situation before making a decision. Altogether, these facts add up to one undeniable truth: balancing your strengths and weaknesses with another person's can help you to succeed.

However, that success doesn't come overnight and it definitely doesn't come without effort! If you already get along with your business partner or if you two have known each other for years, putting in effort to communicate with them might sound strange. How hard could it be? You're already pals! Unfortunately, this highlights a common misconception that historically drives partnerships into the ground. And that's exactly why it's crucial to establish some solid communication practices from the get-go, no matter how well you know your partner.

That's why the Partnership Charter exists. That's right-- that isn't just the title of this book! Rather, we're talking about a literal written contract, an agreement that both partners draft together and sign. It might sound silly, but the author firmly believes that this charter can save your life (and that of your business)! Over the course of this summary, we'll explore the various components that are included in the Partnership Charter. But the first and most important aspect is communication and we'll dive right in to explore the best communication practices in the next chapter.

Communication is Key

So, we already know that communication is a critical ingredient for crafting a successful partnership. But what does that look like in practice? And what do you need to communicate about? The short answer is, well, **everything!** The author observes that many people neglect to communicate clearly with their partners or include them in every aspect of their business. One possible reason for this is that people think they don't have to. Maybe they assume certain things go without saying or that their partner has already inferred it. But even if you think that might be the case, the author remarks that there's no harm in going ahead and clearing that up with your partner. In the best case scenario, you'll establish some solid communication and strengthen your relationship. Worst case: you'll feel a little silly and maybe repeat yourself.

So, go ahead and include your partner in an open discussion about every aspect of your company, starting with your vision, your mission statement, and your company's values. It's especially important to be clear on these things because unless you're in agreement about the core components of your company, your business will literally never get off the ground. So, work together to draft your mission statement and ensure that you're both absolutely in agreement about what your company does and why it exists. This will also help you firm up the foundation of your vision for your company. Put simply, your "vision" can best be defined as the thing that sets your company apart. You didn't start this business because you want it to blend into the background or because you want it to be like everybody else. Whether you're launching a wine subscription service or a nonprofit, you have a unique and original vision for this company; that's why it exists. But your partner needs to know (and, more importantly, share!) that vision or your business will be driven in two different directions.

And once you've reached a consensus about your mission and your vision, this brings us to the third key point for this chapter: establishing your strategic vision. Your strategic vision can be defined as the way you put your vision and your mission statement into practice. It's one thing to have those concepts on paper, but you need to know how you'll live into them. What does your vision look like in real life? What decisions will your company make and how will those decisions reflect your core values? How will you accomplish your company's goals? It's important to discuss these concepts with your partner and ensure that you two are on the same page. Because without consistent and effective communication, you may find that you and your partner have different interpretations of that same vision or different ideas about how to accomplish your goals. Communication will help you guys to avoid conflict, maintain a united front, and accomplish your goals together.

What do You Do?

This common question is often asked at dinner parties or networking events, but people forget that it should also be asked within the context of your business partnership. Because--as we've stated in the previous chapters-- you should never assume that anything is already understood or does not require communication! And that is especially true when it comes to the roles that you and your partner play in your company. However, that doesn't mean that your roles have to be defined in a hierarchical or demeaning way. This isn't about saying, "I'm in charge and you have to listen to me!" so much as it is about establishing your different responsibilities. In fact, rather than defining your roles in terms of who's "in charge" or who is "the leader," you should think of this as an opportunity to celebrate each of your strengths.

Just look at the example of Ben and Jerry! (Yes, **that** Ben & Jerry!) Today, we know and love them for their amazing ice cream and their social activism. But before they were famous and their ice cream was sold on the shelf of every grocery store, they were just two buddies starting a business. In fact, they were just like you! And even at that early stage of their partnership, Ben Cohen and Jerry Greenfield knew that they would only succeed if they organized their company in such a way that it played to each partner's strengths. For example, Ben was an awesome salesman. He had such flair and personality that he was perfect for tasks like creating ad campaigns, pitching their products, and working with their marketing team. He would have been wasted in the manufacturing department, but that was where Jerry shined! Jerry was great at the technical side of things, so it made perfect sense for him to oversee the manufacturing department and supervise production. Both of them understood this, so they defined their roles quickly and amicably, and they haven't looked back since.

And that's exactly what you and your partner should do! Start by establishing your roles early on and communicate clearly and openly. If you're not happy with your role in the company or you'd like to take on more responsibility, let your partner know. This type of honest communication is great because it also allows you to identify the differences in your interests. For example, one of you might be more interested in the interactive side of things; you want to connect with customers or be heavily involved in pitching your product to potential clients. Or maybe you're really interested in making this business profitable; you're hoping this will make you a billionaire by the time you're 30. Or perhaps you just want to feel as though you're playing a valuable role in the future of your passion project. This business is close to your heart and, rather than desiring a hefty salary, you just want to feel like you're making a difference.

Any and all of these goals are great! But don't assume that your partner shares your goals completely. You might have completely opposite views! This means that dividing the company equally doesn't necessarily mean that you have two of everything. Rather, it might simply mean that your roles are divided in such a way that each person gets what they want and each person maximizes their potential. It might look a little different for each of you, but that's okay! In the end, this will be the most effective (and most enjoyable!) way to run your company.

How to Divide the Profits

Did you ever set up a business with a friend when you were kids? Maybe you ran a lemonade stand or a dog-walking business together. The question of how to divide the profits might have hit you at a young age and, chances are, you were told that 50/50 is the only fair way to split your earnings. And in most cases, that is absolutely true! But when you start a business together as grown-ups, the author observes that that policy might not always hold true. Here's why: just as you and your partner have different personal goals for the company, you also have different personal circumstances and financial limitations. And this should also be taken into account when you're running a business together.

So, as you're defining your roles, goals, and strategic interests together, it's also important to consider your financial goals. The author recommends that you start by asking a few key questions like these:

- What are our financial goals for the company?
- How long will it reasonably take us to turn a profit?
- When do we want to start bringing in employees?
- How do we intend to pay them?
- How much can we afford to pay them?
- Where is our startup money coming from?
- How will the company be affected if we're paying our employees a lot of money?
- Do you and/or your partner expect a quick profit from this business?
- Do you and/or your partner expect to receive a steady paycheck from this business?
- Do we need to keep our day jobs while we get this business off the ground?
- How long can you go without a salary?

The answers to these questions will be as different as your partner's answers about their personal goals for the company, so keep this in mind!

Don't assume that your partner's answers will mirror yours and don't try to beat around the bush when it comes to answering. Talking about money is almost always awkward and many people hope to avoid this awkwardness by speaking in couched terms or downplaying the reality of their financial situation. But remember what we said in the second chapter? Communication is key and that is especially true of communication about your finances! So, don't be afraid to be honest with your partner and above all, be realistic. If you fail to communicate or make realistic financial plans, you will run your company into the ground in a hurry! So, make sure that you're being fair and honest with each other as you plan the future of your finances.

This can be especially difficult if you and your partner have different personalities or if you don't always get along. But communication is the number-one key to avoiding conflict and disappointment later on. If you've ever been married or in a long-term romantic relationship, you know that when partners don't talk about things, those secret seeds of resentment start to fester. Maybe you're only upset about a little thing, like the fact that your partner never washes the dishes or that they always leave the toilet lid up. And maybe you've never told your partner, either because you think it's not a big deal or because you think they should already know not to do that. But if you don't communicate, over time, resentment grows. You get more and more angry about those pesky little things until that anger spills out in other areas, maybe even permanently damaging your relationship.

Sadly, these small, preventable issues are the most common causes of death in any partnership. So, don't let that happen to you! It's never fun to have a difficult conversation but it's always better than watching your partnership explode. So, just communicate and strive for equality in every facet of your partnership.

Final Summary

If you're embarking on a new business venture with a partner, you may have a lot of hopes, fears, and anxieties about the future of your partnership. What if it doesn't work out? What if you clash? What if you explode in a huge, ugly breakup like so many famous business partnerships? The author believes that establishing a written partnership charter can save the future of your relationship. By cultivating a foundation of strong communication, mutual honesty, and trust, you can build a successful, healthy partnership that will enable your business to thrive!

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