The Values of Successful Partnerships

Partnerships are wonderful relationships! Business owners know, intellectually, that sharing the ownership has many benefits but, emotionally, partnerships are fraught with anxiety. What makes a truly successful partnership?

Business owners contribute to the business at two very different and distinct levels:

1. Strategic

At a strategic level, the owners determine the vision and aspirations for the business. They set the goals and decide the way that the business is going to play the game. More importantly, the owners determine the values of the business. Whether they are enunciated explicitly or consciously, be in no doubt that the owners' values will set the tone for the business, the culture and "the way we do things around here". You don't need a poster stating, for example, that the firm values "staff development" if the owners act as mentors, stories are told about new staff members achieving great things and time is set aside every week for skill development. (Conversely, if none of this happens, no poster will convince employees that they are valued.)

2. Operational

Owners also contribute to the firm at an operational level, what they "do" every day. In this industry this is usually deploying the skills of an adviser: meeting with clients and prospective clients; solving their clients' financial problems; developing alliances with referral sources or professional networks. It is unlikely that the operational contribution takes the form of "managing" the business, although this may be a conscious choice. Too often, however, it is an unconscious (and stressful) choice. (And if you want to test your contribution, just review the % of time you spent last week in front of clients, prospective clients and centres of influence).

So how should these two different levels be weighted when assessing potential (or indeed current) partners?

Too often, the primary emphasis is on the operational level. Owners look for skills or experience that they think would be valuable in a co-owner. For example, a firm that is considering expansion into advising SMEs may look for a merger or acquisition with a small business that is perceived as an expert in this segment. In assessing the credentials of the prospective new partner, the due diligence is frequently focused on the quality of clients, the reputation of the adviser (eg reference checking their delivery) and the quality of the advice.

I believe that this approach is another case of "cart before horse". You may be successful in implementing a merger with complementary skills and client bases but what happens if there is a divergence in values? It won't be long before the tensions become evident and tempers become frayed. Applying my first example, what if the new partner doesn't share your commitment to "staff development"? They may start by missing the team's weekly skills session (for an important client meeting, of course). Then they defer their quarterly performance review conversations ("lots of client review meetings at this time of year"). You may not notice (or you may excuse) this abdication of responsibility but I can promise you that your team <u>will</u> notice – and the impact on morale won't be pretty.

It is imperative, therefore, that potential partners are assessed primarily on their ability to contribute at the strategic level. This is achieved not by looking for strategic thinking skills but by robustly testing their vision for the business. Do they share your passion for success? Your measures of success?

It is also achieved by robustly assessing their values. Their skills do not have to align with yours but it is critical that their values are aligned. These are not discovered by reading their CV or even their written references but by looking for tangible evidence of the real behaviours that hopefully demonstrate <u>your</u> values. Why not apply a variation of the values conversation you use with your clients to your prospective partner? And if you want one question to provide further illumination, try Andrew Horabin's suggestion:

"What are you <u>not</u> prepared to do to make this business successful?"
(Hint: If the answer is "nothing" the values cupboard may be bare.)

Don't file these thoughts for the day when you may be thinking about a new partner. A new decade represents a great time to perform a "values audit" on your current partners. Good luck!

These are the best of times to review the second most important relationships in your life.