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Rule 1 in business ‘marriage’: Don’t rush in or it’s splitsville

By Caroline Lynch

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Maybe you met at a conference. It’s possible the connection happened by chance. But immediately you knew you had something in common.

Before you knew it, you were talking about finances and the future over dinner.

And then someone pops the question: Do you want to go into business with me?

“A partnership is like a marriage — you shouldn’t rush into it,” said Joe Hatfield, a counselor with SCORE, the Service Corps of Retired Executives.

Business owners sometimes learn the hard way how to navigate partnerships — from divvying up ownership to having common strategies and business values.

Owner: Tony Keith

Company: The Libco Group

Lesson learned: Beware of 50-50 ownership.

When Keith opened his Louisville, Ky., industrial sheet metal fabrication business in March 2002, he knew he needed a partner. But Keith also knew he wanted to be in charge, so he brought on a junior partner.

But in less than a year, Keith didn’t find the partnership as beneficial as he had hoped, so he bought out his partner and hired employees. Business doubled.

He said it could have cost him the business if he had not been the majority owner.

“I’ve seen it happen so many times where 50-50 partnerships are the demise of a business,” he said. “Never ever go into business 50-50. Your hands are tied.”

Owner: Joe Hatfield

Former company: Food brokerage

Lesson learned: Put everything on paper, including what each person’s role will be.

In the late 1950s, Hatfield and his brother opened a food brokerage business in Louisville, Ky. They were conservative with their money, buying only what they could afford. About a decade later, they successfully expanded by joining with two other men who had a food brokerage in

Lexington, Ky.

But it was a different story when Hatfield agreed to a second merger in the early '80s.

An attorney set up a buy-sell agreement with his three new partners, but Hatfield took the new president's word on how the company would operate.

"We thought it would be a big happy company with him as president, but that turned out to be the problem that drove us apart," Hatfield said.

Owners: Mike Motsinger and Kent Lanum

Company: nFusion Technologies

Lesson learned: Diversify skill sets.

Motsinger was working out a deal to buy out one partner from his technology support company when his attorney suggested his own son as a replacement.

Motsinger said the two have a similar work ethic, but different skills.

Lanum's background in marketing and sales complements Motsinger's financial and technical strengths. Though their different perspectives can lead to disagreements, Motsinger said they talk things out. He said Lanum has thought of things he never considered.

Owners: Denise Spalding and Jennifer Eberle

Company: Allegra Print & Imaging

Lesson learned: Common values equal common success.

"We both have the exact same priorities," Spalding said.

She and Eberle leave work each day at 2:45 to pick their kids up from school, though they work some nights and weekends to keep up. When the two women pooled their assets 12 years ago, neither had children, but they did have common goals for their business, including slow growth, hard work and a focus on customer service.

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