

# Partnership agreements: A small price to pay

GOING into business with a partner, whether it be a partnership or a company, is an exciting time for any entrepreneur, writes **Graeme Champion, of JMP solicitors (right)**. The hunger and determination for success is a powerful motivator and what could be better than sharing that with a close friend, colleague or family member; someone you can trust?

However, the harsh reality of business is that it is tough.

Studies show in the UK up to 50% of start-up businesses fail and when a business goes through a stormy patch, it is sometimes surprising to see who is the first to 'jump ship.'

While it is obvious that all businesses need to avoid unnecessary expenses, investing in a carefully constructed partnership or shareholder agreement could potentially avoid conflict, should it arise.

All too often, business partners fall out for various reasons, and without an agreement from the outset of how these situations are to be handled, things can get very costly, very quickly.



A disagreement on who has the final say in a decision, or if a new partner is to join the enterprise, turns into court, solicitor and barrister fees, accountant reports — the list goes on.

Partnership and shareholder agreements set out the rights of each member and what is to happen should there be any disagreements.

The aim is always to avoid any need for legal action.

All businesses should aim to be proactive, rather than reactive, and a good partnership or shareholder agreement just might be the best asset your business owns.