

There can be huge advantages to a business partnership. You can work together to make something better than you would have individually, and you can build off each other's strengths. However, starting a new business requires many different skills in the areas of invention, marketing, sales, accounting, and much more. How do you know if you should enter into business with a partner?

According to the Starting a Business Guide in the *Wall Street Journal*, "taking on business partners should be reserved for when a partnership is critical to success," whether because of finances, connections, or skills. Consider whether it might be better to hire the other person as an employee or contractor instead.

If you decide to move forward with a partnership, you need to have an attorney draft a legal agreement explaining the roles and responsibilities of each partner, how the workload will be divided, how conflict will be handled, how a partner can leave, and all the financial information. If it's down on paper, you won't have to worry about this later.

If you decide to partner in business with a friend, make sure you both realize that you will now have a business relationship. You'll need to establish firm ground rules. Your "values, goals and personalities need to be aligned toward profit," explains Brad Sugars, author of "What to Consider Before Teaming Up With a Partner."

As partners, you'll need to have shared vision about your company's short-term and long-term goals. What do you want to happen in one year? What about in five or ten years? As the business grows, how will you adjust? Your partner may have different ideas about success for your company. Make sure you have shared expectations and goals.

You'll also want to determine each person's strengths and weaknesses. Do you have the same kind of work ethic and values? Good communication is one of the keys to success. You must be able to share honestly and openly with your partner, whether about the good or bad.

Finally, you'll need to have strategies in place for people to enter and exit the partnership. As your business grows, family members such as spouses or children may wish to join. How will they become part of the business plan? Exit strategies are also important. Decide how things will be divided if and when a partner leaves as well as how each partner will be compensated. Having a plan in place ahead of time will prevent problems.

According to Cherie Burbach, author of "5 Things to Ask Yourself Before Going Into Business With A Friend," there are some things you should consider before developing a business partnership.

1. How well do you and your future partner resolve conflict?

If your potential partner clashes with you over simple disagreements, think about how work conflicts will be resolved. You might decide to have an impartial third-party to act as a mediator for arguments.

2. Does your partner have habits that annoy you?

Just like in marriage, it's the little things that can aggravate you the most. Is your partner lazy, disorganized, or a procrastinator? How will these traits affect the business and your partnership? You need to decide how to get past the little things in order to prevent them from becoming big things.

3. How much time will you put towards the business?

A new business takes a lot of time and hard work. How much time can each partner put towards the business? How will this affect other obligations? Be on the same page with your partner about time expectations.