

Harvard Study Says Friendship and Business Don't Mix: Tips For Picking the Perfect New Jersey Business Partner

by Dan Brecher on July 5, 2012

A new paper from Harvard University suggests that friends don't make the best business partners. In fact, simply having too much in common can impact the success of a New York or New Jersey business partnership, the study finds.

Researchers looked at what venture capitalists look for in a partner and what types of partnerships are most likely to succeed. As The Atlantic reports, partners with a lot of personal characteristics in common tended to be much less successful than those who went into business together based solely on skills and talent.

For instance, when partners of the same ethnic minority paired up, their likelihood of success fell 25 percent. Similarly, partnerships between individuals who attended the same college or university were 22 percent less successful.

So—if it is not your friends—who makes the best business partner? Below are several tips for picking a business partner:

- Maintain objectivity. This means evaluating potential partners without regard to emotional ties or friendship. To ensure objectivity, you should create a list of criteria you want in a partner and evaluate all potential candidates accordingly.
- Diversify. A good partner should compliment but not replicate your skill set. For instance, if you are great at generating ideas but struggle at selling your ideas to others, your partner should be a good communicator.
- Share the financial burden. No matter what other skills he or she brings to the business, your potential partner should also be willing to share the financial burden. An equal financial commitment helps ensure that your partner will be invested in the success of the business and won't walk away, leaving you with all the responsibilities.
- Conduct due diligence. It is important to thoroughly investigate any potential business partner. In addition to requesting a list of professional and personal references, this also means performing a thorough background check for any prior lawsuits, financial problems, or criminal activity.
- Keep marriage and business separate. Most venture capitalists tell us that they would shy away from investing in a business run by married partners. The simple reason they give is that in the event the marriage develops problems, the result can be ruinous even to a good business.

Once you have found a business partner, it is important to protect your legal interests. An experienced New York or New Jersey business attorney can help you draft a formal partnership agreement as well as other necessary legal documents.