

## TAKE YOUR PARTNER

A thought-piece from David Molian, Director of  
the Business Growth & Development Programme

There's an old saying that the worst ship that ever sailed is a partnership. It certainly rings true to those of us who know someone who's been in a business partnership which, for one reason or another, hasn't worked out. Another truism is that a business partnership is like a marriage – if it's going to work, it needs an awful lot of effort and commitment from both parties to succeed. If the analogy holds good, the current high rate of marital divorce points to a similar conclusion. The argument is strengthened by high profile cases, like the Emmanuels, who try to combine both marriage and business and fall out spectacularly. Making a business partnership succeed is inherently difficult, and perhaps those who manage it are the exceptions, not the rule.

And yet . . . Some of the UK's best-known businesses have been created and built through partnership. Where would Marks have been without Spencer (Sieff, actually), Lilley without Skinner, Fortnum without Mason? Come to that, where would Laura Ashley have been without Bernard, or Anita Roddick without Gordon, the husbands behind the scenes who were hugely important to the success of the business? Or Richard Branson without Robert Devereux and several other lesser-known but vital partners in the growth of Virgin?

If you're curious to know what the recipe is for a successful business partnership, there's a strange dearth of information. Academic research has little to say on the subject and it doesn't feature strongly in the business press. To help plug the gap, we thought we'd talk to a sample of ex-BGP participants who are in partnership together and have built highly successful enterprises over a number of years, their combined turnovers exceeding £30m. Do they have a formula and, if they do, is it the same one? Are their responses what you'd expect to find, or are there a few surprises? And are there lessons to be learned which others can apply to their businesses?

Our thanks to the individuals who contributed their thoughts (and bared their souls):

*Angus Thirlwell and Peter Harris of chocolatiers Hotel Chocolat*

*Ross Hugo and Trevor Barnes of web professionals Netsquared*

*Andy King and Vince Howard of logistics specialists Biocair*

*Phil Inness and Alan Cross of electronics manufacturer Axis Electronics*

*They agreed to talk to us about:*

- *how they got started*
- *how they shared roles and responsibilities*
- *how they resolved disagreements*
- *how they see each other*
- *their management styles*
- *the relationship between their business and social lives*
- *and whether they'd ever go into partnership with each other again!*

### How did they get started in business together?

Alone among our case studies, Andy King and Vince Howard met as employees at the business which they currently manage. Our other contributors all met at previous employers. Angus Thirlwell and Peter Harris both worked at Torch Computers in the late 1980s. Ross Hugo and Trevor Barnes, and Phil Inness and Alan Cross were all employed at Texas Instruments (TI) in Bedford until the company decided to close its operations in the mid 1990s.

**Three out of four of our partnerships got to know each other well as business colleagues before they started up together.**

Apart from Andy and Vince, the three sets of partners got to know each other well through working together for their old employer. Ross and Trevor even played football for the TI side before they worked in the new

product development team. Phil and Alan worked closely together in the same group. For the TI employees, the opportunity to start their own businesses was triggered by the closure. None of them liked the look of the alternatives to redundancy offered by the company. Instead, each duo took a piece of TI's unwanted business. Originally part of a larger MBO team that melted away, Phil and Alan got started by taking over some residual orders on TI's books. Ross and Trevor negotiated the rights to a piece of technology they had been working on in the TI corporate venturing unit.

Angus and Peter were both disillusioned by prospects at Torch and kicked around new business ideas for 10 months before they took the leap. In their case, they wanted to get as far away from computers as possible. "We talked all the time about food ideas," recalls Angus. "We even had a concept for a drive-through fish retailer, before we settled on promotional confectionery. We were just desperate for a simple, low-tech business where the product couldn't go wrong!"

#### **You do what needs to be done and get on with it**

None of our partnerships formally appraised their suitability to work together: no psychometric testing, or comparisons of personal profiles. It was taken as read that they could build a business as a team, based on what each already knew about the other. "We just decided to do it over a pint," says Phil Inness. "Interestingly, Alan and I did some psychometric assessments some years down the line which showed that we were diametrically opposed in our preferred management styles! Fortunately the differences are complementary rather than conflicting."

The same informal approach characterises the division of labour in the early days. For Ross and Trevor, parcelling up the responsibilities was just a continuation of inherited roles, as it was for Phil and Alan. Ross and Phil handled sales because that was what they had been doing, Trevor and Alan took care of the supply chain. The reality appears to be less clear-cut than the nominal titles. "Actually," says Trevor, "Ross and I shared the roles as well as the responsibility and each of us did whatever was needed. If that meant I was doing the selling, that was fine. In fact our biggest successes have come when we are

both involved in getting the business." Phil supports this: "Alan and I have done each other's jobs. Occasionally we still do so when one has to cover for the other."

In Angus and Peter's case, you might have expected a clear-cut demarcation of roles, given that Angus is a marketing man and Peter a qualified accountant. From day one, however, each was involved in the selling. Peter thinks it was very healthy. "There's no question that it's better if you are both bringing in business. It creates mutual respect and means you never get to the situation when times are tough and one partner is pointing the finger at the other, saying "I'm bringing in the money, you're spending it." And it provides healthy competition. Also, if one of us is feeling down, the chances are the other is around to boost morale and bring in some business."

#### **Being at the same life-stage helps**

Being at a similar stage in your lives and careers definitely helps. In our four partnerships the biggest age difference is eight years, but in terms of partners, children and family commitments the personal profiles of each set of partners look pretty alike. In one case the loss of parents occurred around the same time. "If you're at the same stage in your life it aligns your interests in lots of ways," observes Phil.

#### **Shared adversity creates strong bonds.**

None of our partnerships experienced plain sailing all the way. On day one, Phil and Alan had a three-month pipeline of orders. When that dried up, they ate purely what they could kill. Ross and Trevor discovered that the functionality of the technology they licensed from TI didn't translate into the expected benefits for consumers, and that if they didn't reinvent the business, they'd be going out of business. "When your back's to the wall and the clock's ticking," says Ross, "You either get to know and trust each other at a very deep level, or you fall apart. Simple as that." For Andy and Vince the dynamics were very different. Hired as MD of logistics specialist Biocair, Andy found himself in a business with a very strong, internally-focussed culture that was wary of outsiders. It was six months before he and Vince, who heads up the company's operations, established a good rapport.

Today they run the business as a team of two, but that deep level of trust has taken some time to develop.

"Each needs to understand what makes the other tick," says Alan. "In the early days you can spend more time together than husband and wife. We made a point of taking time out of the office, going off-site and just talking about the business."

**It's not enough to be complementary to each other – you also need to overlap.**

Trust also seems to flow from confidence that each not only understands what the other does, but can step in and do it. "Vince's central focus is on ops and the technical side of the business," says Andy, "But he's very good in front of customers. He may not think so, but he is!" It is also a two-way street. Andy, while a salesman by background, had a spell in operations running one of TNT's distribution centres for a couple of years. He understands the business from Vince's perspective. Angus's passion is for marketing and brand-building, but he's also good with numbers. Peter's outlook on the world as an accountant is tempered by a flair for sales and marketing. "Peter's a great partner," acknowledges Angus, when discussing Hotel Chocolat's recent purchase of a cocoa plantation in the West Indies. "He understood the concept and benefits so quickly that it took only a week to go from viewing the property, to lining up all the government ministries, to closing the deal. In a heavily-regulated environment like St Lucia that's little short of a miracle."

Ross and Trevor have effectively swapped roles as they have re-invented Netsquared, and might do so again. Phil confesses that he actually quite likes getting involved in the supply chain side of the business when Alan's away!

**The person who feels most strongly carries the day**

There's a common pattern that emerges when it comes to resolving disagreement. First, the partners talk to each other all the time, every day, whether or not they share an office. Second, disagreement is quickly out in the open and discussed explicitly. "Yes, we disagree, and we sometimes disagree passionately", says Peter. "Although we're both ambitious for the

business, Angus is the more driven. I guess I provide the reality check. So some measure of disagreement is inevitable."

The third feature is that whoever feels most strongly over an issue typically carries the argument. "I don't care about who's right. There's a much bigger prize at stake," says Peter. "It all boils down to not doing stupid things." As an outsider initially in the business, Andy realised there was no point in trying to bulldoze through change. Instead he worked by chipping away, marshalling evidence and using persuasion. He and Vince find there's very little they can't resolve by talking it through. "In six years we have only ever had one really big argument," maintains Andy. "We both stormed off to opposite ends of the building, then composed e-mails simultaneously saying sorry!" Vince adds that as Andy is MD, at the end of the day he will always support Andy's decision. One gets a strong sense that, for that very reason, a consensus between the two is readily achieved, Andy being reluctant to fall back on status, Vince not wanting to undermine Andy's authority.

This mode of resolving differences has persisted as our four businesses have grown. All four are high-achieving, high growth companies. You might expect the challenges and pressures of expansion to raise the emotional temperature. In fact, the opposite seems the case. "We don't disagree, well not in any important sense," says Ross. "The biggest strain on the relationship was when we stopped working in the same office. Now our desks face each other." Hotel Chocolat, where sales last year topped £20m, has inevitably had to adapt to look more like a "grown-up" business. "Now we have a full board it's actually easier to get consensus" says Peter. "Angus and I will tend to have ironed out any disagreement in advance of formal discussion."

**Different management styles are no bar to working successfully together**

All our respondents confessed that they were both similar and dissimilar to their business partners. The similarities are largely about values and attitudes, a mutual respect and the same ethical standards. But personalities and managerial styles differ widely. "We're the classic combination of introvert and extrovert," says Vince of himself and Andy. "Andy's more outgoing, gregarious and overtly passionate.

I'm the quieter, serious, colder one. The common feature is that neither of us is very well organised!" Peter sees more similarities of personality between himself and Angus: they're both risk-takers who are excited by building businesses and have a strong bias for action. Angus, he says, gets bored more easily. "His restlessness is a great quality, providing it is properly channelled into propelling the business."

The differences translate into styles of managing people. There seems to be some element of "nice and nasty cop" in our partnerships. "I care primarily whether people deliver, and can be quite hard about that," admits Vince. "Andy takes more interest in their potential for development." Ross is the self-confessed "policeman" of Netsquared, while Trevor is more laid-back in his attitude. Different outlooks in managing people are ascribed by Phil to the demands of the role as much as anything else. "I manage the sales guys differently from the way Alan manages the supply chain side. With the sales force I'm interested in the bigger picture, next quarter, next year. Providing they meet the targets they're on a fairly loose rein. I keep saying, don't get bogged down in the detail. Alan's approach is more command and control, because it's much more about detail, about planning next week's shipment schedule. And, yes, that does produce a classic clash of cultures within the organisation between *laissez-faire* sales and micro-managed production. We just negotiate our way through it." Alan's view is that although there's a difference in style, both are fundamentally people-focused, problem-solvers. "Serving the customer is the number one priority. We deliver and, if for any reason we fall short, we analyse the causes and fix them."

### **Beware of mixing business with pleasure**

None of our partnerships spend a huge amount of time together socially. "We used to at first," says Peter. "Angus and I would get together as couples or families, but it petered out. It's not that our families don't get on, it's more that it felt we were starting to live in each other's pockets." Phil and Alan socialise together regularly, but not with their families. "One of the reasons the Netsquared partnership works," maintains Trevor, "is that we lead different lives outside the office. We'll have a beer together once a week.

Otherwise the only time we spend together socially would be corporate entertainment." Andy and Vince enjoy a shared interest in sport, but that stops well short of going to a match together.

### **Would I go into business with this person again?**

The answer is an overwhelming yes! All of our partnerships might at some stage in the future sell out, though none has imminent plans to do so. In every case, the first person they would consider going into business with is their current partner.

### **So, are there any golden rules for partnership success?**

Four case studies is a limited platform from which to generalise with total confidence. That said, there are some arresting similarities in their experiences, which we summarise below. If you're thinking of going into business with a partner, it might well be worth your while giving them some careful thought!

#### *Top Tips for Partnership Success:*

1. It helps to have already worked together in previous employment
2. In the early days be prepared to do everything: roles and responsibilities mean little when it's all hands to the pump
3. Being at similar stages in your life is a definite advantage
4. Trust is forged in the crucible of adversity
5. A partnership benefits from overlap, not just complementarity
6. Agree to disagree and give ground to the person who feels most strongly
7. Shared values and attitudes are important
8. Different management styles are fine, providing values are shared
9. Think twice about mixing business with family.

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If you'd like to respond to this piece with your views, the author can be reached via [d.molian@cranfield.ac.uk](mailto:d.molian@cranfield.ac.uk).

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