Most Business Partnerships Fail — 5 Hacks to Make Sure Yours Stays Intact

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I've been thinking about the alchemy of impactful partnerships a lot lately: We've been lucky to have some amazing partnership wins over the last decade — and plenty of failures, too. Over time, my team and I have gotten better at screening for partnerships that will be a big win for all involved. But as exciting and full of promise as they can be, jumping into any kind of business arrangement is not something to take lightly.

Whether it was in forging a long-standing relationship with a big tech brand or carving out a relatively new opportunity with a renowned creator and journalist, I've always believed partnerships should be designed to deliver tangible value for all parties, and their success needs to be predicated on a robust process to ensure the best outcomes.

While data shows partnerships are a good idea for creators and entrepreneurs looking to expand their reach, boost revenues and build brand equity, they're only beneficial if they're defined and approached effectively. And the reality is, many of them fail due to mismatched expectations.

For creators and entrepreneurs, the question of when, how and who to partner with will inevitably come up at some point in their journey. Here's what to consider if you're looking to set up a business partnership that beats the odds.

Be proactive about exploring your options

There are many different types of partnerships you can enter into, but before you do, take the time to consider which would best suit your business – whether it's a traditional brand sponsorship, a reciprocal swap or a more collaborative endeavor.

And if you haven't been approached by a brand, there's no need to wait for them to come to you. Being proactive about identifying and pursuing opportunities can also yield incredible results. Sometimes it boils down to the right conditions happening at the right time.

Take Coastal Drone Academy, a creator business that saw the chance to expand its reach when drone operators faced new regulations and certification requirements. They partnered with Best Buy to package their intro course with every drone sold. The creator business benefited from the retailer's extensive customer base and its significant brand association. Meanwhile, Best Buy was able to provide a true value-add to its drone sales.

Go in with eyes, mind and heart wide open

Knowing exactly what you're getting into is important to your partnership's success. But so is keeping an open mind – and heart. I realize that might sound a bit corny, but partnerships, like any relationship, are built on trust above all else. Here are some helpful ways to approach partnership-building with that in mind:

- **First, aim to understand what your potential partner really needs**

Most entrepreneurs go into partnership pitches by putting their own desires first. I believe this is backward. For partnerships to work, they need to benefit both parties, and the best way to ensure that is to truly understand what your partner needs. Do your research and avoid making assumptions about others' intentions. You can build trust with a potential partner – and a more creative and powerful partnership idea – by going in with an open mind and by considering all the possibilities. You might even uncover an idea you didn't know was possible.

- **Give more than you get**

  Not every partnership has to be 50/50 – or even weighted in your favor. Of course, at some point, you'll want to ensure your needs are met, but that doesn't necessarily have to happen right away. It can be a good idea to give more than you get in a partnership – at least initially – even if you're only getting 20% of the value. Approaching it with generosity can open the door to trust, which can ultimately pay off in the long run.

- **Get to know *all* the stakeholders**

  While you might be dealing with a marketing or sales team, be sure to find out about all the players involved as the partnership unfolds. This could include tech support people and developers, and especially senior management or department heads who may have final sign-off. Involving all of them in the early negotiations can help everyone get on the same page about the process and expectations. It also gives you other people to reach out to if something goes wrong or you don't hear back from your primary contact.

- **Understand what you can control (and what you can't)**

  Sharing your business with another party opens you up to the unexpected – and to situations you can't always control. Be realistic about your abilities and expectations, and don't be surprised if the process takes longer than planned or even if they walk away.

Simply put: Don’t bet your whole business on a single partnership. Plan for the best, but know that it might not work out that way.

- **Bake in measurement and evaluation**
  So many creators get into partnerships that don’t ever deliver. Quantifying your expectations upfront gives you the ability to measure success and to check in regularly on progress. If the needle isn’t moving at all, then you can decide how best to act. Better yet, put a clause in your contract that makes partnership reviews automatic and renewals contingent upon hitting certain milestones.

Bonus consideration:

- **Is the risk asymmetrical?**
  Take a hint from Jeff Bezos on how you evaluate risk. Is it asymmetrical – meaning is either the potential return or potential downside risk significantly greater than the other? For example, an amazing potential return with limited losses, if it fails, should be an easier partnership to commit to than one where the downside could be far worse than any potential gain. Sometimes you can mitigate risks in the partnership agreement too, but it starts with understanding both the best and worst-case scenarios. Avoid the natural bias to look only at the upside and ignore the downside.

Regardless of how you structure and approach your partnership, the benefits will go beyond the metrics you set for exposure and sales. A collab can become a forcing factor around time and motivation, kicking you into high gear with deadlines and deliverables that might feel less urgent when you’re working solo.

But keep in mind, while it might be tempting to jump into the first partnership offer that comes your way, I’d caution against it – even if it matches your core business values or content. My biggest advice is to do a gut check before you

sign on the dotted line. Or ideally much earlier in the process. Does the partnership feel right to you? Are you inclined to give as much (or more) as you'll receive? Do the benefits outweigh the risks? Depending on the answers to these questions, remember there's no obligation to proceed. Just like choosing a life partner, finding the right business partner can take time. Being rigorous right upfront can be a great way to get your feet wet before jumping into the deep end.

https://www.entrepreneur.com/growing-a-business/5-hacks-to-make-sure-your-business-partnerships-stay-intact/469144