

## “Couples Therapy” for Business Partners?

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I have mentioned repeatedly in these Business Divorce in NJ blogs how a shareholder dispute is akin to a “business divorce,” and I often refer to these disputes with that term. It is important to understand how very appropriate that analogy can be. Business partners, especially when the share percentage is 50/50, are often like a married couple in at least one critical way – trust is the cornerstone of the relationship, and when it erodes, the result can be catastrophic.

I often speak with shareholders who are having major problems with their business partner but do not necessarily want to file business divorce litigation. If married couples often go for counseling to save their marriage, what do business partners do when the trust is gone?

If you no longer trust your business partner, can the relationship ever be repaired? The answer depends on several factors, including what the underlying issue is and the degree to which both of you are motivated to fix the situation. A partner who freezes you out of decisions and meetings is far easier to forgive than one who steals from the company or starts a competing business. But when the cost to the company of a protracted fight between owners is factored in, it may be possible to move past even the most severe breach of trust if creative safeguards can be put in place. For example, I have seen businesses saved by requiring two signatures on a bank account that previously required only one.

The first step is to pick someone to help you discuss and work through your issues. A company accountant or existing company attorney can often fulfill this role of business “therapist.” Even better may be a new, neutral attorney who represents the company only, and neither partner individually, in working to negotiate past certain problems. That way neither side will see the process as capitulation or surrender, or be made to feel that their desire to reach a peaceful resolution is being taken advantage of.

Of course some people understand nothing short of brute force, and sometimes the only way to stop a bully is to punch him in the nose (metaphorically speaking, of course.). But sometimes, months down the road and after the parties have spent a fortune on legal fees, the partners are able to sit down and have a productive conversation about how to get past their differences without bankrupting each other and the company in the process. In *all* such cases, the parties wonder why they didn’t have that conversation several months and tens-of-thousands of dollars ago. A trusted attorney can point out that there are often areas of agreement to build upon, and remind the partners that the cost of a breakup may be far higher than the cost of trying to figure out a way to get along.

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