

# Smart Talk

Insights from entrepreneurs

## BOOST JUICE'S JANINE ALLIS OFFERS TIPS ON PICKING THE RIGHT PARTNER



Smart Talk is a weekly column by successful entrepreneurs about their daily challenges. This week, Boost Juice founder Janine Allis says it pays to check out prospective business partners at the courting stage to see if they share your dreams before sealing a deal.

● Speak to people in business, and many will tell you their tales of woe of going into business with the wrong partner.

The problem with most partnerships is that human instinct gets in the way. There are egos, money and different agendas and views on the direction of the business. The road to great success is littered with carcasses of broken partnerships, whether they are between lifelong friends, private equity or business associates.

So how do you get it right?

You may have read of Boost's recent partnership with a private equity company from the United States. So what's it really like selling a share of your business to a private equity company and taking on new partners?

It's bloody scary!

We have all heard the horror stories of private equity partners and I'm sure some are true. But like all business marriages, it's all about making sure you have the same end goal and a defined path of understanding to get there.

After 10 years of building Boost in Australia and around the world, we really did believe we needed to find a way to get to the next level. The business is in great shape, with great people driving strong profit growth. Listing has always been on the radar but it doesn't take Einstein to figure that it has become less desirable in the past two years and, really, unless your earnings exceed \$15 million before interest, tax and depreciation, I would question your prospects of success in the market (despite the fact that average market cap in Australia is \$53 million).

So using a trusted and respected friend and business associate, we explored all avenues and up popped a small-cap US investor, The Riverside Company. Trust me, this is not something we had ever considered before. But upon solid advice and review of its potential, we decided to proceed to the courting stage.

This phase is where you truly do see what the other party is made of, as there are tense periods through the due diligence stage where you learn a great deal about partners and whether you can work with them.

Let's not kid ourselves. Every business will have its issues, and the value of a partnership is how you deal with these issues as a team.

You will discover how each side deals with issues and how they act in negotiations. And you will learn pretty quickly whether they are the partners for you. If there is a hint of doubt when seeing them in their driver business mode, then be careful, as this is what you will get after your deal is set up. By then it's too late to turn back the clock.

So far for us, Riverside has been great. They are strong partners who have their funds mainly in the Australian market, which means Boost is still majority owned by Australians (as it should be). They are the experts at numbers and acquisition and merger work, and we know how to run our business.

But as always, it gets down to the people you are doing business with and so far, they are good, respectful partners.

Without being too naive, I would suggest that as long as we keep hitting forecast numbers, then the good business partnership we have entered into should remain on track despite our partner having to adjust to our slightly eccentric chief executive and that is no small feat.

So don't be scared of bringing in new business partners who are better equipped than you are when you don't actually need the money, as it puts you in a far better position.

Flight Centre co-founder Geoff Harris, for example, was a dream business partner. He was constructive, supportive, he had courage to say what he thought and gave great insights into how to do things better. He focused us on a profit culture – not just a business culture.

Here are some tips for partnerships:

- Show respect for partners and what they can bring to the table.
- Consider the cultural and value fit.
- Consider each partner's expectations and wants from the partnership.
- Make sure you discuss and ensure you have a legal exit clause.
- Just because they are your friends and you like or love them, this does not mean they would make good business partners. In fact, this is a good reason not to partner up in business.

• Don't rush into a partnership. Like a marriage, you do not just jump into this type of commitment lightly. **BRW**



**You may like them, but that doesn't mean that they would make good business partners**

**Next Week: John McGrath of McGrath Estate Agents**