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An Equal Say Isn't Always Good

Financial Expert Urges Caution When Approaching Business Partnerships

Los Angeles, Calif. (August 21, 2008)—When it comes to business, financial expert Gene Siciliano says that, though an “equal partnership” may sound like a safe and fair way to set up a company, it can often spell disaster for the business.

As an example, take last month’s rupture of the famous Alcatel-Lucent partnership. The struggles in the partnership became public knowledge when the Chairman and the CEO of the telecom equipment provider both resigned in a management overhaul designed to fix the dysfunction that has plagued the company since its well-publicized merger in 2006.

“A marriage of equals is almost universally a poor mechanism for the kind of decision making needed to run a business,” says Siciliano, author of *Finance for Non-Financial Managers* (McGraw-Hill, 2003). “The more challenging the business, the more difficult the management process for two equal partners.”

Siciliano says he isn’t saying that partnerships are universally a bad idea, but rather that they have a tendency to be problematic. The issue is that people don’t think the partnership all the way through and often fail to plan for inevitable disagreements – what happens when the “equal partners” have opposing opinions?

“The phrase ‘equal partners’ sounds friendly, but it also describes the most difficult form of management,” says Siciliano. “The kind without a single voice to make the final decision, to break the tie, or to step in when two strong voices fail to agree.”

So how do you make a partnership work in these situations?

Siciliano suggests making an agreement, before even entering the partnership, about how to handle disputes. Two common agreements include designating one partner as the ultimate decision maker, or setting the ownership percentage at 49-51 instead of 50-50 – giving one party a slightly higher stake, and therefore the power to make the final decision.

“Partnerships can and certainly have worked well in the past, though that may be more of a testament to the maturity of the individuals involved than in the soundness of their management strategy,” says Siciliano. “You have to make sure that you have a clear-cut, undisputable way to handle the difficult decisions – and you have to make sure you stick to it.”

For more information about Gene Siciliano, please visit www.GeneSiciliano.com. To schedule an interview with him, please contact Leyna McKenney at The Ictus Initiative, (617) 840-4689 or Leyna@IctusInitiative.com.

Gene Siciliano, a former CFO and CPA with over 30 years of financial and general management experience, has held top financial management positions with Computer Sciences Corporation, Epson America, and Superscope, Inc., among others. As a consultant, he has acted as Chief Financial Officer for over a dozen companies—both publicly traded and privately owned—earning himself the title “Your CFO for Rent.” A member of the National Speakers Association, Gene is also the author of Finance for Non-Financial Managers (McGraw-Hill, 2003) and Finance for Administrative Assistants (Acanthus Publishing, 2008).

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