

# How to Get Rid of a Business Partner



Whether you co-own a partnership, corporation, or limited liability company, there often comes a time when you want to get rid of a business partner for personal and/or financial reasons.\*

So, how do you do it?

## Business Entity Legal Documents

The first thing to do is look at your company's formation and operational legal paperwork. Depending upon the type of entity you have, this can include a partnership agreement, corporate

bylaws and shareholders agreement, LLC operating agreement, etc.

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These documents often have provisions that trigger the buyout of a co-owner (a [buy-sell agreement](#)) upon the occurrence of specific events and contain detailed steps to follow to complete the transaction so that you can part ways.

## Make an Offer

If your company doesn't have a legal document that covers this issue, you can always make an offer to buy out your partner's interest. And you'll want to make sure your [partner doesn't compete](#) against you after the buyout.

Often, it's difficult to agree upon a reasonable price to pay for [equity in a privately held business](#). Naturally a controlling share of the equity is worth more than a minority share. But it's negotiable.

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One way to solve it is for each partner to separately put bids in sealed envelopes to buy out the other's interest. The envelopes are opened simultaneously by the recipients of the bids and the successful bidder is the one who offers to pay the highest dollar amount per unit of equity (e.g., corporate share) being purchased.

If you don't trust your partner to honor an informal bidding process, you can have an experienced [business contracts lawyer](#) draft a settlement agreement to be signed and even help with handling the bidding process and subsequent sale to the highest bidder.

## Lawsuit to Get Rid of a Business Partner

Suing your business partner to get rid of him should be a last resort...and only if there are legal grounds for doing so. In addition to being costly in time and money, litigation as a means to dump a partner

often drives an otherwise thriving business into bankruptcy. In short, the benefits are rarely worth the costs incurred.

If neither of you wants to sell, and there's no contractual or other legal basis for forcing a sale, it's probably time to get a professional mediator to help you resolve your differences.

Of course, if you need legal advice on how to get rid of a business partner, talk to an experienced business lawyer. You can [schedule a phone consultation](#) with Attorney Mike Young.

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*\* The term "partner" is used generically in this article to mean the co-owner of your business instead of specifically referring to one owner of a [partnership](#). As a practical matter, if you have a corporation it is referring to "shareholder" or to a "member" if you have a limited liability company.*



## About the Author

Mike Young has been practicing business and technology law since 1994. He's been an entrepreneur since 1988.

To get legal help from Attorney Young, [click here now](#) or call 214-546-4247 to schedule a phone consultation.