**EXERCISE 30C CHART: ADD VALUE TO A PARTNERSHIP AGREEMENT**



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| **TERM OF THE DEAL** | **MONEY** | **RISK** | **CONTROL** | **STANDARDS** | **ENDGAME** |
| Two siblings, Margo and Bob Clark, have asked us to consider their plan to form a general partnership for their new business: High End Foods (“HEF”). HEF intends to manufacture and market a line of freshly cooked, high-end, filling meals. HEF will sell the meals directly to specialty food stores. The Clarks are confident that the business will do well. |  |  |  |  |  |
| Their secret ingredient is a genetically engineered food supplement that makes you feel full — even though the amount consumed is relatively small. The inventor of the ingredient is their cousin Roberta, who has given them the go-ahead to use the ingredient in the business. |  |  |  |  |  |
| The Clarks intend to capitalize the business with $100,000. Margo will contribute $75,000, and Bob will con- tribute $25,000. |  |  |  |  |  |
| Bob has significant experience in the prepared foods industry, having just completed a three-year stint as exec- utive vice president of the company that is the industry leader — even though they focus mostly on frozen foods. The plan is that Bob will run the business on a day-to-day basis. |  |  |  |  |  |
| Margo will be in charge of advertis- ing and back-office operations. Bob hopes that the new business will keep Margo’s mind off her recent illness. He confided that the long-term prognosis is not good. |  |  |  |  |  |
| The business deal with respect to profits is that the first $75,000 goes to Margo, while the next $25,000 in cash that is distributed is Bob’s. Thereafter, the money is split 50-50. |  |  |  |  |  |