



FROM THE IUSTORIA BLOG

Business Partnership: How to Part Ways Without Destroying Each Other

A partner breakup is like a divorce — only with a worse contract. Four phases to get through it without unnecessary damage.

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A business partnership is like a marriage. At the start, you share a vision, trust, and enthusiasm. At the end, you share accounting records, liabilities, and mutual disappointment. And just like a marriage — the way you part defines how you live afterwards.

Over the course of my practice, I have seen partner breakups that were handled amicably, to the satisfaction of both sides. And I have seen breakups that dragged on for years, cost millions, and destroyed not only the company but personal relationships as well. The difference was not who was right. The difference was how they approached the separation.

Phase One: Signals — When There Is Still Time to Fix Things

Every partner breakup has a prelude. And that prelude typically lasts months, sometimes years — only no one wants to see it.

The signals are subtle but recognisable: one partner stops attending meetings. Another starts making decisions without consultation. A third feels they are "doing everything alone." Communication narrows from in-person meetings to emails. Strategic questions get postponed. Instead of "we," people start saying "I" and "he."

At this stage, it is still possible to salvage things — but only if both sides are willing to talk about the real problems. Not the symptoms. The actual problems. That priorities have shifted. That the vision has changed. That the ratio of contributions to returns is no longer balanced.

Most partners skip this phase. Either because they avoid conflict, or because they think "it will pass." It will not. Problems in a partnership do not disappear because you ignore them. They escalate.

Phase Two: Decision — The Point of No Return

There comes a moment when the breakup becomes inevitable. You can identify it with one simple test: imagine that in five years you are still partners. Do you feel energy or anxiety?

If anxiety — it is time to act. And acting means taking several critical steps before the other side takes them for you.

Secure access to the accounts. This is the first and most important step. Once it is clear that you are heading for a separation, you need to know the state of the company. How much is in the bank accounts. What liabilities exist. What receivables are outstanding. Who signed what.

In practice, I have seen it many times: one partner "suddenly" loses access to the bank account or the accounting system. That is not coincidence. That is tactics. And if you are caught off guard, you start from a position of weakness.

Read the articles of association. I know it sounds absurd — reading a document you signed yourself. But in practice, most partners signed it years ago and have not looked at it since. And the articles of association are the key document — they dictate how shares are transferred, how the price is determined, what the rules for a depart-

ing partner are.

If your articles of association do not address these questions — and a surprising number do not — then the statutory default rules apply. And the statutory rules may not say what you expect.

Map all liabilities. Who guarantees the loan? Who is the managing director and what does that mean for personal liability? Are there contracts that require both partners' consent? Are there clients tied to one of you?

This inventory is not pleasant. But it is essential. Because a breakup without knowing the true state of the company is like a divorce without knowing the financial situation — it ends badly for both sides.

Phase Three: Execution — What to Do First

The decision has been made. Now comes the most sensitive phase — the actual execution of the separation.

Three principles that should guide every step:

Document everything. From this point forward, every email, every meeting, every decision is potential evidence. Not because you plan to go to court. But because if it comes to court — and statistically, a significant proportion of breakups do — you will need evidence of what was agreed, what was promised, and what was done.

Separate emotion from decision-making. This is the hardest advice and simultaneously the most important. A partner breakup is emotionally charged — it involves disappointment, a sense of betrayal, anger, fear. And emotions distort decision-making. A partner who feels cheated rejects a fair offer because "they do not deserve it." A partner who is afraid accepts a disadvantageous offer because they "just want it to be over."

A good lawyer in this phase does not function solely as legal counsel. They function as a filter between emotions and decisions. They say: "I understand you are angry. But this decision will cost you X. Is your anger worth X?"

Have a Plan B. What happens if you cannot reach an agreement? What is your alternative? Can you leave and start a new company? Can you sell your share to a third party? Can you petition the court to dissolve your participation in the company?

Knowing your alternatives strengthens your negotiating position. Because the party with nowhere to go is always at a disadvantage.

Phase Four: After the Breakup — Do Not Burn Bridges You May Need

The breakup is done. The share has been transferred, the company divided, the contracts signed. And now comes the phase most people forget about — life after the breakup.

In the Czech Republic, the business community is small. Especially in the regions. And especially in niche industries. The person you are parting ways with today could be your client, your supplier, your competitor tomorrow — or a reference for someone considering doing business with you.

This does not mean you should be naive or soft. It means you should be strategic. Part firmly, but fairly. Honour what you promised. Do not speak negatively about the former partner. And keep the door open — if only because you do not know what you will need a year from now.

I have seen cases where former partners decided to collaborate on a specific project after the breakup — and it worked. Because the separation removed what was dysfunctional in the partnership without destroying mutual respect. And I have seen cases where one partner systematically damaged the other's reputation after the breakup — and ultimately damaged their own more.

Emotions Are Not Strategy

If you take one thought away from this article, let it be this: emotions in a partner breakup are inevitable, but they must not drive your decisions.

Every decision in the breakup process should pass a simple test: am I doing this because it is strategically sound, or because it is how I feel?

If the answer is "because it is how I feel" — stop. Take a breath. Call your lawyer. And then decide with your head, not your gut.

A partner breakup does not have to be a catastrophe. It can be a fresh start — for both sides. But only if you approach it with a clear head, a solid plan, and the awareness that the bridge you burn today may be the one you need to cross tomorrow.

The key is to have **articles of association that work** from day one, set up to handle situations like this before they arise. If the exit involves a sale to a third party, **due diligence** is in order. And if negotiation is stalling, think strategically — **litigation and business negotiation share more than you'd think**. Not infrequently, a partner exit looks like a chess game (both sides know the assets, both know the liabilities) but is actually played as poker (each holds cards on their own alternatives) inside Monopoly (whoever has deeper pockets lasts longer). I have unpacked that distinction and its strategic consequences in **Chess, poker, Monopoly — and Snakes and Ladders**.

Facing a partner breakup and wanting the company to survive it? In our **transactions practice** we negotiate terms so both sides walk away stable — and the business keeps running. **Get in touch**.

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