

# Your Financial Portfolio

### Setting Up a Partnership

Mary has been teaching yoga classes at a health club for the past three years. She feels she now has enough experience to open her own yoga studio. Since she's concerned about costs and responsibilities, she spoke with one of the other yoga instructors, Tony, about starting a yoga business together. Tony thinks it's a great idea!

**Location:** One of Tony's friends works at an art gallery, which has a peaceful environment and ample floor space. Mary spoke with the owner of the gallery and negotiated using the gallery weekday evenings and Saturday and Sunday mornings. Mary and Tony agreed to pay the gallery owner 25 percent of all class fees.

**Competition:** The only yoga classes presently being offered in the area are at the health club where they both work.

**Start-up Costs:** Mary and Tony must purchase 25 yoga mats at \$10 per mat. They also will have insurance costs of \$1,200 per year, plus \$150 in fees and licenses. They will contribute an equal amount of money from their personal savings to open the business.

**Schedule:** They decide to begin their business with eight classes per week: one each weekday evening, two classes on Saturday morning, and one on Sunday morning. Each class will be one hour in length. They agree that each of them will teach four classes a week and cover for the other during illness or vacation.

**Responsibilities:** Mary took responsibility for maintaining accounting records and paying bills. Tony is responsible for advertising and promotion.

**Revenue:** They decide to charge \$15 per class. They project the weekend classes might bring in 25 students at each class (\$375). Weekday classes might average 5 to 10 students (\$75–150). Mary and Tony agree to share revenue and expenses equally.

**Creating the Partnership:** To establish a legal partnership, they drew up a written document outlining the organization of the business, responsibilities of each partner, and division of profits and losses.

**Analyze** What kind of business would you start with a partner? With another student, discuss how you would share responsibilities if you started a partnership together. What ways might you finance the business? What skills and character traits do each of you have that might complement each other in a partnership?