HOW A JOINT VENTURE CAN WORK FOR YOU

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Your restaurant auditor has just brought you the good news. Your restaurant has just made a profit for the first time since you opened three years ago. It looks like you have a straight shot for the brass ring of financial success. But then he gives you the bad news, your cash flow is insufficient to proceed with the expansion and modernization that you determined was essential to stay ahead of the competition. You have a dilemma encountered often by executives of a small but upward moving enterprise.

You may be too small a company to do what you have to do alone. You now examine all the known sources of capital and none seems to fit the bill. There is one remaining source that you may know little about, but it could be interested in ehlping you because the future of your restaurant looks bright. You should consider a joint venture with another company to save the project from oblivion.

The main thing to consider is ***if the joint venture will be a win-win situation for both parties,*** not just for you alone. Now it seems sensible for you to enter negotiations, but is it also wise for the other party? Is there a commonality of interest? Can the joint venture hold together long enough to achieve the stated objective?

First, you must get to know and trust your new proposed partner. That means, each of you must learn as much as you can about the personal, business and philosophical being of the other. If you think a marriage is risky, this type of business venture is comparable. A suitable courtship is needed. The joint venture is only as good as the people representing the entities joining together. The commitment must run very deep. This depth of purpose must be overtly stated and examined for weakness and pitfalls. Angry disputes can arise when the venture is not thoroughly thought through during the negotiating process.

Here are questions that must be resolved.

1. Are you willing to give up sole control and independence of action?
2. Who will make the ultimate decisions in the new venture?
3 How are profits divided?
4. What does each contribute to the venture.
5. Are the contributions equitable?
6. How are inequities compensated for?
7. How are deadlocks broken?
8. How can the venture be terminated equitably?
9. How does the project survive when the venture is dissolved?

Take heart...there have been many successful joint ventures that you may never hear about. Then there are others, that like messy divorces hog the headlines and everyone reads about and agrees that "Joint ventures sure are a bad way to go?" ***Do you have the courage and good will to make a***

joint venture work for you and your new partner?