JOINT VENTURES and LLC's

BENEFITS:

• IMPROVE UTILIZATION OF ASSETS
• REDUCE OPERATING EXPENSES
• BETTER SERVICE TO CUSTOMER

WHAT WILL HAPPEN IF WE DO NOT JOIN THE VENTURE?
JOINT VENTURES and LLC's

WHO SHOULD BE INVOLVED?

MANAGER
EMPLOYEES
COMMITTEES
BOARDS

JOINT VENTURE STUDY STEPS:

• BOARD DISCUSS PROS AND CONS
• FEASIBILITY STUDY
• BOARD REVIEWS STUDY
• PARTNERS MEET TOGETHER TO DISCUSS ISSUES
• BOARDS VOTE TO JOIN VENTURE
• OPERATING AGREEMENT

MOST IMPORTANT STEP:

EXIT PROVISIONS
DO YOU WANT TO ADD MORE MEMBERS IN THE FUTURE?

YOU MUST KNOW THE FINANCIAL PERFORMANCE OF THE DEPARTMENT YOU ARE CONSIDERING FOR THE VENTURE.

KNOW YOUR PARTNERS:

- Business Philosophies
- Financial Position
- Future Plans
JOINT VENTURES and LLC's

FEASIBILITY STUDY:
• PROJECT OPERATIONS
• HOW WILL IT EFFECT YOUR COOP?
  1. EXPENSE REDUCTIONS
  2. PERSONNEL USAGE
  3. ASSET UTILIZATION

OPERATING STATEMENT CHANGES:
• Sales
• Expenses
• Income

BALANCE SHEET EFFECTS:
• Assets
• Liabilities
• Members Equity
JOINT VENTURES and LLC’s

EXPENSES OF A JOINT VENTURE MAY BE GREATER THAN OPERATING SEPARATELY.

JOINT VENTURES and LLC’s

Short Term vs. Long Term?

Can you afford to drive the Chevy a little longer if you can get a Cadillac later?

JOINT VENTURES and LLC’s

WILL A JOINT VENTURE ELIMINATE COMPETITION?
JOINT VENTURES and LLC’s

THE JOINT VENTURE MUST HAVE THE OPPORTUNITY TO BE SUCCESSFUL!

JOINT VENTURES and LLC’s

WHY DO JOINT VENTURES FAIL?

• BUSINESS PHILOSOPHIES DO NOT AGREE
• DUMPING GROUND FOR YOUR JUNK
• MANAGEMENT

ISSUES

• NAME OF JOINT VENTURE
• HOME OFFICE
• ENTRY / EXIT PROVISIONS
• EQUITY BASE
• HOW WILL THE CUSTOMER DO BUSINESS
• GOVERNANCE
• OWNERSHIP RATIOS
• PATRONAGE
ISSUES

• ASSETS (OWN OR LEASE)
• LONG TERM GOALS
• MANAGEMENT
• ACCOUNTING
• FINANCING
• EMPLOYEES & BENEFITS
• NON-COMPETE ISSUES
• ATTITUDE OF BOARD & EMPLOYEES
• BUSINESS PHILOSOPHIES

QUESTIONS OR COMMENTS