

How to Establish Profitable Partnerships

– Summary Checklist

Introduction – Joint Ventures for Small Business Owners and Entrepreneurs

- ✓ Joint ventures allow two or more small business owners access to other resources and expertise
- ✓ Employed frequently by larger corporations
- ✓ Also work well for small businesses
- ✓ Think about business goals you have not achieved yet
 - Increase your conversion rate
 - A short-term sales boost
 - Generate new leads
- ✓ Many JVs fail
- ✓ The failure rate is higher for small businesses
- ✓ They don't have access to the same capital

What Exactly is a Joint Venture?

- ✓ An agreement between businesses that share resources to achieve specific goals
- ✓ Usually for a specific, shorter time-frame
- ✓ Most joint ventures are formalized with a contract
- ✓ The internet has allowed small businesses to set up shop with little money
- ✓ With limited resources, they frequently hit a plateau
- ✓ Approaching another small business with a JV proposal makes sense for both parties

The “You Have a List, I Have a Product” Online JV

- ✓ An internet marketer may have a sizable email list of followers
- ✓ They may have run out of products or services to offer

- ✓ The other side of the equation may be someone with a great product, but no one to sell to
- ✓ By entering a joint venture, they can help each other
- ✓ Successful JVs like this can lead to future partnerships
- ✓ Offline businesses can also benefit from ventures like this

The Benefits of a Successful Joint Venture

- ✓ There are a number of ways a small business can benefit from this type of partnership
- ✓ A few common advantages include:
 - Access to new markets
 - A successful product or service launch
 - Increasing conversion rates
 - Increased sales and profits
 - A boost in reputation
 - Building a pool of prospects
 - Access to better resources
 - Increased productivity and efficiency
 - Improvement in product and service quality
 - Establishment of important connections

The 3 Main Types of Joint Ventures

- ✓ Goals of small business owners are just as diverse as the fields they do business in
- ✓ JVs can be created any number of ways to be beneficial to all parties
- ✓ There are 3 main types;
 - Co-ops
 - New Businesses
 - Mergers
- ✓ The most common partnership is the co-op
- ✓ One business is trying to access a new market
- ✓ They pay another business commission per sale to access their client base
- ✓ Sometimes businesses come together to create a new entity
- ✓ Each runs their own business, but agree to partner on an entirely new venture
- ✓ The least common form of JV is the merger
- ✓ Two businesses become one

- ✓ This usually drives up profits and lowers costs
- ✓ JVs can be considered insiders or outsiders
- ✓ Insider JVs allow access to all processes for all parties
- ✓ Outsider JVs allows each company to remain separate

What You'll Learn

- ✓ Upon completion of this course you will be able to:
 - Define the different types of joint venture partnerships
 - Identify areas in your business where a partnership makes sense
 - Select the right type of JV to help you achieve your business goals
 - Identify appropriate JV partners for a successful win/win relationship
 - Pursue and recruit partners through effective research and communication strategies
 - Draw up a JV agreement, and deliver it to a prospective partner

Finding the Right JV Partner

- ✓ Take a look at your current business strategy
- ✓ You identified areas where you could benefit from a successful joint venture
- ✓ Those areas for growth must align with your overall business goals
- ✓ With the right partner you can achieve all your goals
- ✓ A successful JV paves the way for successful collaborations in the future
- ✓ Choosing the wrong partner can do harm

What Types of Businesses Should You Consider for a Partnership?

- ✓ This will have a lot to do with the type of JV you're planning
- ✓ Look at other similarly sized businesses in your field
- ✓ JVs are usually more successful when each party is familiar with the other's struggles
- ✓ Have other business owners, influencers and contacts had success with a JV?
- ✓ It's important to choose a partner with experience
- ✓ Think about the end result you're trying to achieve
- ✓ Picture the perfect type of business owner to help you fill that gap

Look for Similar Customer Bases

- ✓ Approach noncompeting businesses that deal with similar prospects
- ✓ Googling relevant terms and phrases can reveal opportunities

Tap into Your Distributor Network

- ✓ You already deal with professionals who are familiar with your business
- ✓ You don't know if a partnership would be profitable unless you ask
- ✓ They offer your products and services to their prospects and you pay them a commission

A Word about Dealing with Your Direct Competition

- ✓ Take some time to think about teaming up with competitors
- ✓ You could team up on an entirely new product launch
- ✓ These agreements can be profitable, but can be difficult
- ✓ The balance of power has to be even
- ✓ Avoid partnering with a competitor if you're afraid that both parties will not be represented equally
- ✓ Don't rule it out without exploring possible benefits, especially if you each have a very unique value proposition that can fill gaps

Smart JV Partner Research

- ✓ Perhaps you're starting out and don't have contacts
- ✓ Reach out to friends, family and coworkers
- ✓ Ask them if they know anyone who may be interested
- ✓ Use Google to do a quick web search to get in touch with potential partners
- ✓ Search for relevant forums and directories
- ✓ The results are virtual meet-ups where people in your market hang out
- ✓ Social media sites can also reveal businesses for possible partnerships
- ✓ Use their built-in search engines to look for people marketing to the same audience

Working with a JV Broker

- ✓ If you have limited time and some capital, consider employing a broker
- ✓ Pay them a fee and they work with you to find potential partners that make sense
- ✓ You can find some brokers on LinkedIn
- ✓ Many brokers are one-person operations

- ✓ In many cases they have extensive networks and lists of contacts

Consider Internet Marketing Forums

- ✓ Even if you sell a physical product or service, an internet marketer may be able to help
- ✓ They have large, devoted email lists
- ✓ They are very good at what they do

Live Conferences and Seminars

- ✓ This approach will usually require more of an investment than an online search
- ✓ Every niche has important events held every year
- ✓ In most major cities there are events that cater to your industry

Building Healthy Relationships

- ✓ One great way to build a strong relationship with a potential partner is to purchase their products
- ✓ Reach out and tell them what you think
- ✓ Let them know who you are and ask if they've benefitted from a JV before
- ✓ Spend time interacting with social media accounts of prospective partners
- ✓ Make sure you're providing value
- ✓ Leave a strong testimonial to attract attention
- ✓ Another smart way to start off on the right foot is by doing something for them
- ✓ Reach out to give advice and guidance without looking to benefit
- ✓ Show another business you are just as concerned about their benefits as you are about your own

More Thoughts on Selecting a JV Partner

- ✓ Once you have prospects in mind, do your homework
- ✓ Look at their websites and see what others have to say
- ✓ Check out their brick-and-mortar business
 - What type of customer experience do they offer?
 - Are they well thought of online
 - What's the initial feeling you get?
 - Is their content about their business or the customer?
 - How good of a job do they do with their online presence?
- ✓ Look for opportunities on their web page
- ✓ Some business owners are constantly looking for JV partners

- ✓ Get to know more about the business and its owner
- ✓ Contact them with a simple intro about who you are and how you could help

Outline the Key Components of Your Proposal

- ✓ Before approaching a potential partner, you need to prepare an offer
- ✓ You've decided what business goals you want to achieve
- ✓ The next step is preparing a proposal

Online Affiliate Relationships

- ✓ Your first instinct may be to seek a 50/50 commission split in co-op agreements
- ✓ Reconsider and look at the resources each side is bringing to the table
- ✓ It's not uncommon for a developer to offer 75% commission in a JV partnership
- ✓ Physical products and recurring membership are usually lower commissions
- ✓ It depends on the goal you're trying to achieve
- ✓ If you're a newbie, offering more than 50% ensures your partner will do everything in their power
- ✓ This may be what gets your proposal agreed upon
- ✓ You have to make your JV pitch outstanding
- ✓ It has to make sense for them to give you access to their prospects
- ✓ If you under-perform, the damage to their reputation is not worth the risk

Know When to Say No

- ✓ You should never enter into a JV agreement that doesn't make sense
- ✓ Some entrepreneurs will make agreements that are one-sided
- ✓ They're desperate to establish new connections
- ✓ You need to be objective
- ✓ Pretend you're an arbitrator
- ✓ This will allow you to say no when that is the appropriate response

Determine Key Responsibilities

- ✓ When you're making your outline, be as detailed as possible
- ✓ You'll use this info when you approach a potential partner

- ✓ Avoid not being able to answer important questions by determining who handles which responsibilities
 - Managing email lists
 - Handling affiliate commission payments
 - Advertising, promoting, and marketing
 - Managing staff
 - Handling project finances
 - Launching the product, service, or offer
 - Offering upsells and down-sells
 - Warranty and/or guarantee enforcement in the future
 - Ongoing customer service
- ✓ Depending on your agreement, there may be other responsibilities
- ✓ Don't rush this process
- ✓ Write down all relevant tasks and assign them

Establishing Important JV Outline Details

- ✓ The more detailed, the better chance of impressing the perfect partner
- ✓ Consider every relevant detail
- ✓ Step away and revisit it later to spot details that were left out
- ✓ Termination
 - Include a termination date
 - Attach a date to goal achievement
 - Have a backup date specified
- ✓ Goals
 - Your goals need to be articulated specifically
 - Look at your overall goal and work backwards
 - Think about what your prospective partner might want to achieve
- ✓ Intellectual Property
 - Understanding who owns what is important
 - In most cases ownership is 50/50
 - Who owns what afterwards?
- ✓ Conflict Settlement
 - Conflicts can arise
 - Can you and your partner handle disagreements?
 - You may need a third party arbitrator
- ✓ Performance Issues
 - What happens if one party is under-performing?
 - Detailing every responsibility is extremely important
 - You need to know how to handle a lack of performance
- ✓ Miscellaneous
 - What happens if a tragedy occurs?
 - Think about procedure If you sell after the partnership

- What are your responsibilities, what can your partner expect?
- ✓ Legal Considerations
 - A lot of JVs are built on nothing but a handshake
 - For complicated situations, consult an attorney or arbitrator

Recruit Your JV Partner Through Effective Communications

- ✓ After creating a detailed proposal, you're ready to approach prospects
- ✓ Effective communications are essential in business
- ✓ Plan your communications ahead of time to increase chance of success

Initiating Contact

- ✓ First Contact
 - Approach a 'warm' prospect whenever possible since you'll get better results
 - An unknown contact is called a 'cold' contact and has a lower response rate
 - Email is the best initial form of contact
 - Grab attention in the subject line without looking unprofessional
 - Sometimes you can be more direct than the generic email address
 - Search for your prospect on LinkedIn
 - A personal email address gives you a direct path
 - Make your email short and to the point
 - Be professional and easy to understand
 - Mention something you've learned about them
- ✓ Alternate Methods of Contact
 - Use online website chat to ask for owner contact details
 - Some people may prefer Skype or other communications methods over email
 - Be prepared to use whatever they prefer
- ✓ Second Contact
 - Reach out in whatever way they suggest to discuss your proposal
 - In some cases they might not get back to you
 - Follow up with a telephone call or another email
 - Mention that you respect that they may be busy
 - Have your proposal ready and pull up their website
 - Arrange the call with no distractions
 - Communicate in a casual but professional manner

Sell, but Don't Overdo it

- ✓ Treat this like any other sale
- ✓ You want to convince them that this is a smart opportunity for both of you
- ✓ Remember that they are pitched to all the time
- ✓ Don't overdo your sales tactics
- ✓ You might trigger a defensive response that shuts them down

Common Communication Pitfalls

- ✓ You need to know how to overcome common pitfalls that may arise
- ✓ Some problems may include:
 - Not clearly outlining benefits
 - Focusing on just one aspect of the partnership
 - Being unwilling to negotiate
 - Approaching the wrong type of prospect
 - Inability to walk away from a bad deal
 - Expecting an immediate commitment
- ✓ No doesn't always mean no forever
- ✓ Keep them in your communications loop
- ✓ They may look forward to a proposal in the future
- ✓ Don't forget it might take multiple communications
- ✓ Don't expect your first meeting to end in a deal
- ✓ Keep track of all communications, timing, results, and next steps

Other Communication Considerations

- ✓ Your potential partner will have many questions
- ✓ You should be able to answer any queries
- ✓ You may want to add extra incentives
- ✓ Creative thinking can lead to an attractive proposal and successful partnership
- ✓ Don't forget communication is a two-way street
- ✓ Listen and ask questions
- ✓ Understand they didn't come looking for you

Establish Your Partnership Agreement

- ✓ To keep your JV from failing, consider these common reasons that they are unsuccessful
 - Control Issues
 - In a JV, control must be shared
 - Responsibility
 - Structure your agreement so that it includes sufficient time for both your business and the partnership
 - Culture Clash

- You need to understand and accept cultural differences
- Imbalances
 - Plan to address any imbalances in responsibilities, commission, or other areas
- Profit Distribution
 - This should be fair and agreed upon beforehand
- Competition Issues
 - Structure your agreement so it's not perceived that you're stealing market share
- Poor Planning
 - By following this course you can avoid planning pitfalls

Partnership Agreements and Contracts

- ✓ For small JVs, you can write out a simple agreement both parties can sign
- ✓ You should have this notarized or witnessed
- ✓ In more complex situations, a more in-depth contract will be required

JV Agreement Considerations

- ✓ Your situation may be unique
- ✓ There could be very specific responsibilities and tasks
- ✓ They should be mentioned in your agreement
- ✓ You should consider:
 - Beginning and ending dates
 - Management considerations, responsibilities and contributions of each partner
 - Profit and commission structure
 - Conflict resolution
 - Frequency of necessary meetings and communication
 - Partnership considerations outside of this JV
 - Decision-making responsibilities
 - The handling of staff, resources, customer service
 - When and how dissolving the partnership is handled
- ✓ Search for a template for your field

Affiliate JV Agreements

- ✓ Working through affiliate websites means using their set agreements
- ✓ Key considerations may include:
 - Names of each partner, business
 - Details of the affiliate program
 - Duration of the program and end date

- Goals and objectives
- Individual responsibilities
- Terms and conditions
- Payment schedules, commission structure
- Conditions for termination
- Signatures

Conclusion and Next Steps

- ✓ You now understand the key steps to establishing a joint venture agreement
- ✓ You have a firm grasp on:
 - The different types of joint venture partnerships
 - How to choose a JV type to deliver the goals you are trying to achieve
 - Research strategies to identify the "perfect" JV prospect
 - How to prepare a JV proposal outline
 - Effective communication techniques and strategies to ensure successful agreement
 - How to draw up a JV agreement or contract
 - The process that makes for a strong and profitable joint venture

Next Steps

- ✓ Review your course notes
- ✓ Make sure you've completed each learning activity and note action steps and deadlines
- ✓ Take this knowledge and put it to work