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It Takes Two: Starting Up A Joint Venture

Would you like to find out what those-in-the-know have to say about Joint Venture? The information in the article below comes straight from well-informed experts with special knowledge about Joint Venture.

One of the problems with starting up a business or trying to enter a market is that sometimes you have the expertise but none of the money or you have all the capital but none of the manpower or the requisite knowledge. It's kind of risky when you're starting after all.

That's where starting a joint venture comes in. A joint venture is essentially a limited form of legal partnership that spreads the risk of a business between two or more partners. Joint ventures are usually dedicated to one purpose though there are several ventures that are continuing business relationships ? MSNBC, Microsoft and NBC Universal's cable news channel, being a prime example of an ongoing joint venture.

The lessening of potential loss for both partners is one of the more obvious perks of being in a joint venture, but the fact that you and your partner share resources and expertise is the main point. He may have information on the marketplace and already have a distribution channel set up, while you have a product that you think is appropriate for the target demographic and just needs to reach the customers. Combining your skills is a no-brainer.

Knowledge can give you a real advantage. To make sure you're fully informed about Joint Venture, keep reading.

So how does one go about going into a joint venture? Well, of course, the first step is getting a partner or partners. Write up a list of prospective partners and do a thorough screening ? checking on the company's history and determining whether they are what you're looking for. After that, you should contact your potential partner so that you develop a business plan together ? this includes both how your business relationship begins and ends, if your venture will be a limited one. Another part of the business plan will be how your companies will be structured to accommodate each other and how the income will apportioned.

When you've cleared up the nitty-gritty business details, it's time to go into the legal stuff. When you're dealing with the finer points of business law, it would be best to hire a lawyer ? yes, it may be expensive, but it will be even more expensive in the long-run if you don't hire one to draw up your partnership agreement. An ironclad legal agreement is the best defence against any future litigation that can be sent in your direction. Here are the main points that should be highlighted in your joint venture agreement: how intellectual property rights are dealt with, how the venture is managed, what the partnership covers in terms of business and what each partner is supposed to contribute to the venture.

It should also be noted that the legal agreement must also cover how the venture may end ? you may have achieved your goal, or you and your partners' interests have diverged or you have agreed to end the partnership at a particular time.

And there you go ? that's how you start your joint venture. Of course, it's a simple introduction but the details will be unique in your situation and the legal stuff will require a more detailed explanation but that's all you need to go into business with someone else.

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