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## Joint Ventures, What it is About?

When most people think of Joint Venture, what comes to mind is usually basic information that's not particularly interesting or beneficial. But there's a lot more to Joint Venture than just the basics.

For people who hear it for the first time, the term 'joint venture' comes across as some kind of partnership. If you also got that impression, you are right. A joint venture is a partnership but not just between two people. It is the association of two or more people, companies or entities that want to combine their property, resources and expertise to create a business enterprise. This means that they will have joint shares on the company or in some cases the 'product' or project that they have.

It differs from ordinary partnership in the sense that it is not always for the long term and unlike, partnerships, the resources may not become the property of the other. It all depends on how the parties agree on paper.

Joint ventures, you see, can happen even with companies that have already established themselves in the field. So why would they opt for a joint venture when they can certainly put up the project themselves? They lack the resources or one element in the mix. One example is perhaps two technology companies who each own a patent for a product and when these products are combined, they can produce one great product that they can sell. Because one cannot make the product on their own, the company will seek a joint venture with another to make it work.

Sometimes the most important aspects of a subject are not immediately obvious. Keep reading to get the complete picture.

Another example when a joint venture is called for is when companies want to expand to another country and they want to partner with a company that already has an established market in the country. This makes everything easier for the company and sometimes also cost-effective. The same goes for companies who want to put their products in the market and need the resources like factories and selling areas to launch their products.

Joint ventures also work for foreign companies who want to establish operations in a foreign land but cannot get a permit to do it. Some countries have strict laws against foreigner owning a business. Because of this law, some companies will seek partnership with a local company in order for their operations to push through. The same goes with companies who have problems with a language barrier and therefore need local companies to help them be introduced in the market.

Joint ventures are also sought in the most part because of financial constraints. Some projects can be really expensive to undertake and some products can take a huge chunk of a company's savings, cash that they really do not want to risk in a new enterprise. Joint ventures provide these companies with the option to partner with another company and therefore, divide that risk and also divide the capital.

One thing to remember though with a joint venture is to seek a partner who you can trust and also someone that you share the same work ethic and vision with. Getting the wrong partner for this can spell disaster in the long run. So better make sure that you are making the right choice.

Now might be a good time to write down the main points covered above. The act of putting it down on paper will help you remember what's important about Joint Venture.

About the Author

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