

Joint ventures: potential problems and how to deal with them

Even experienced investors can find themselves in rough waters in JV partnerships. If you feel like bailing out of a seemingly sinking boat, here's your life preserver

The best place to start building a dynamite JVP is at the beginning. But JVPs can go sideways regardless of best intentions. Here are some common challenges and solutions to rectify the situation and make your next JVP more successful. (Please keep in mind, these are only a small snippet of the myriad of problems and solutions that you may encounter along the path of joint venture excellence.)

1. Communication

This should be the first place to start. Get together face-to-face with your partner whenever possible and go over the challenges that you face. It is a good idea to write out an agenda for your meeting addressing the challenges that arise and potential solutions you see. Prior to the meeting have your partner read and add to the list, identifying the top three challenges that you each feel are paramount. It may be helpful to have a neutral observer present to record the meeting for the benefit of you and your partner to reflect upon. This does not mean to hide a microphone and attempt to incriminate your partner or lay blame on them. However, if you are both agreeable to a recording, this can be a tool to review and understand the key points

addressed in your meeting. Practise actively listening and eliminating emotion; do not judge. Listen and look for a solution.

- » Do not call meetings unnecessarily and monopolize your partner's time. Set a time limit of 30 minutes and stick to your agenda giving each other a turn to speak and offer solutions that are workable. If your JVP is going well, you may elect to have meetings as little as once a year or over the phone. If you are struggling through a problem, you may have the need for three meetings or more in a month.
- » If your JVP has deteriorated substantially, consider hiring an arbitrator to help you work through the challenges. This is a better option than bringing in each other's lawyers to start communication between.

It's always best to try the simple solutions first rather than the big guns.

- » If both party's lawyers are involved, it is a good idea to focus on exactly what each partner hopes to get out of the JVP and that may mean ways to dissolve it and financial obligations. Stick to your JV agreement and remember it is easier and often more economical for you and your partner to work things out offline together and then bring in your lawyers to draft up an agreement that outlines the solutions that you came to together.

2. Follow through and responsibility (doing what you say)

Generally in a basic JVP you have a money/financing partner and an 'expert' that engin-