



3rd Annual CFMA Southwest Regional Conference | Las Vegas, NV

September 24-26, 2017

Bottom Line: Why a company should or should not Joint Venture

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What Is A Joint Venture?

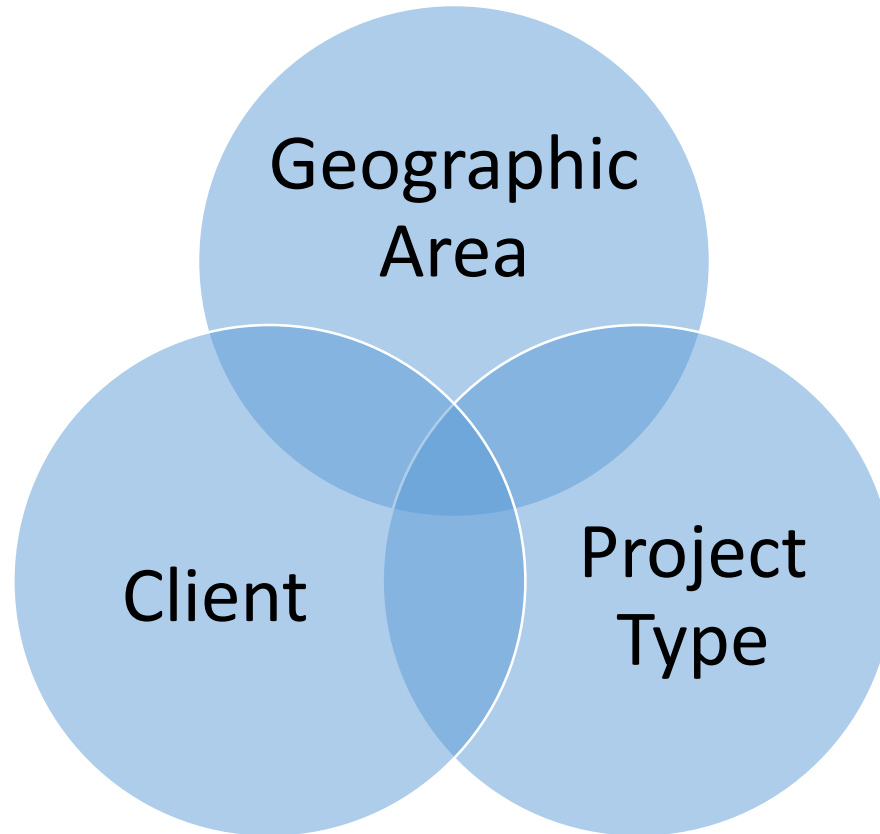
- A Joint Venture (JV) is a business agreement in which the parties come together to take on a project by investing in proportion their time, money, and efforts.
 - Revenues, expenses, and sometimes assets are proportionally shared.



Advantages of a JV

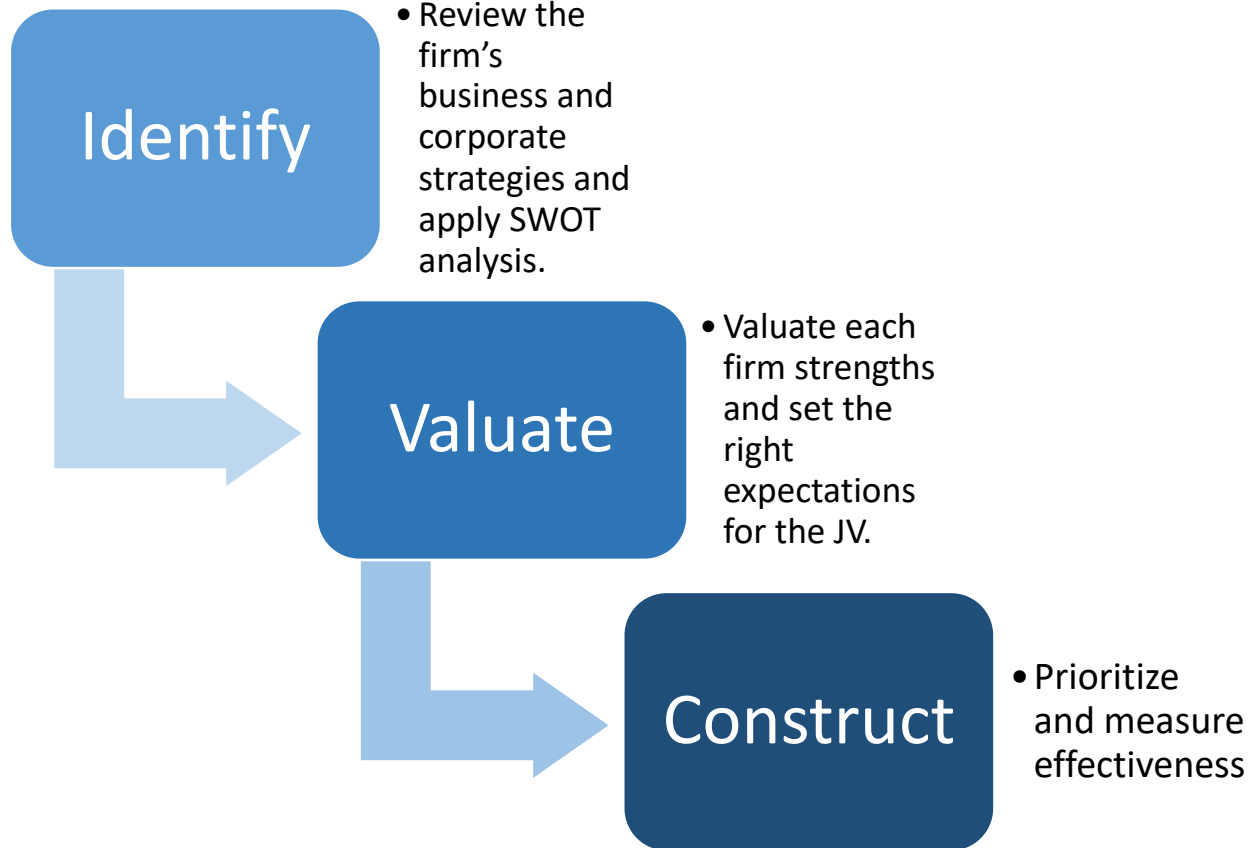
- Provides the opportunity to gain new capacity and expertise.
- Allows companies to gain new knowledge.
- Provides access to greater resources, specialized staff, and technology.
- Shares risk.
- Offers a way for companies to enter and gain experience in non-core business.





Steps to a successful JV



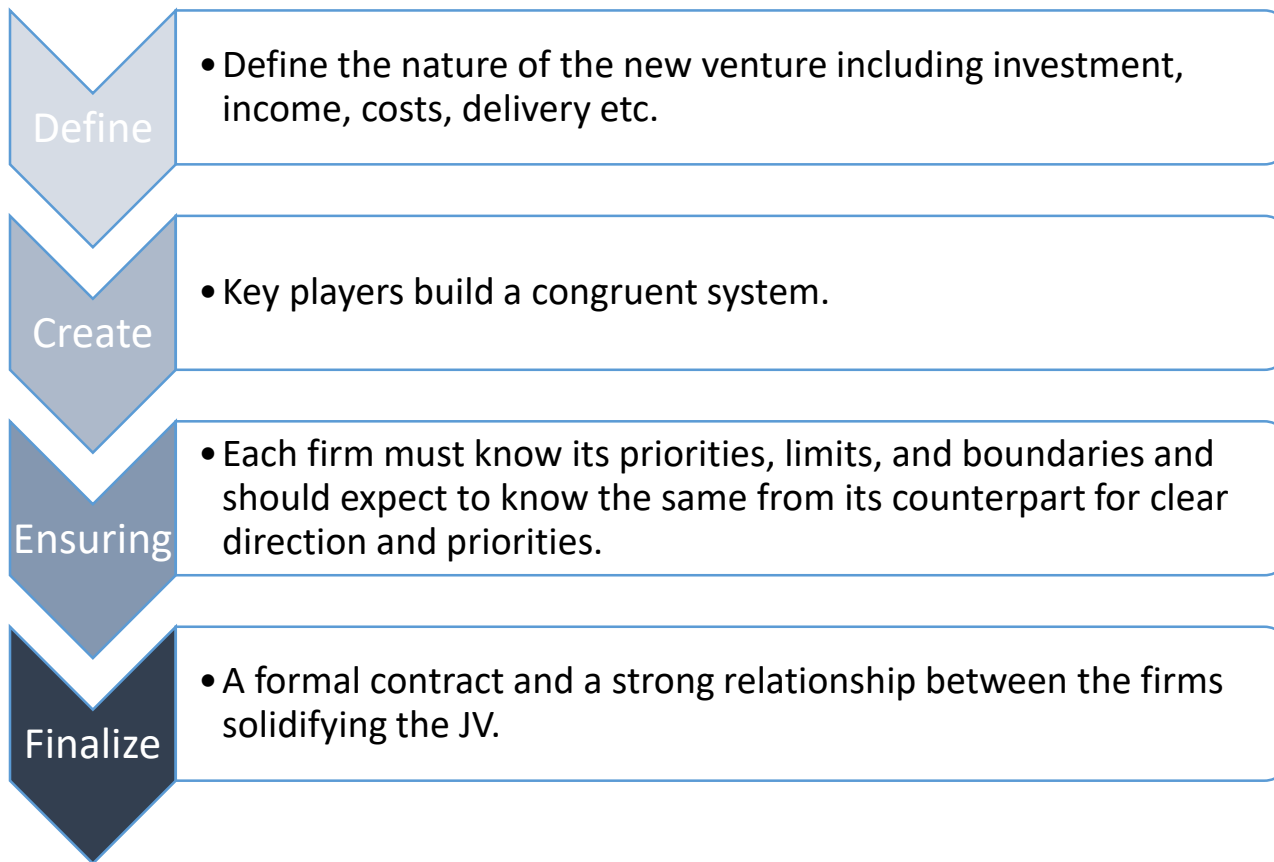


SWOT Analysis

	Opportunities (external, positive)	Threats (external, negative)
Strengths (internal, positive)	<p>Strength-Opportunity strategies</p> <p>Which of the company's strengths can be used to maximize the opportunities you identified?</p>	<p>Strength-Threats strategies</p> <p>How can you use the company's strengths to minimize the threats you identified?</p>
Weaknesses (internal, negative)	<p>Weakness-Opportunity strategies</p> <p>What action(s) can you take to minimize the company's weaknesses using the opportunities you identified?</p>	<p>Weakness-Threats strategies</p> <p>How can you minimize the company's weaknesses to avoid the threats you identified?</p>



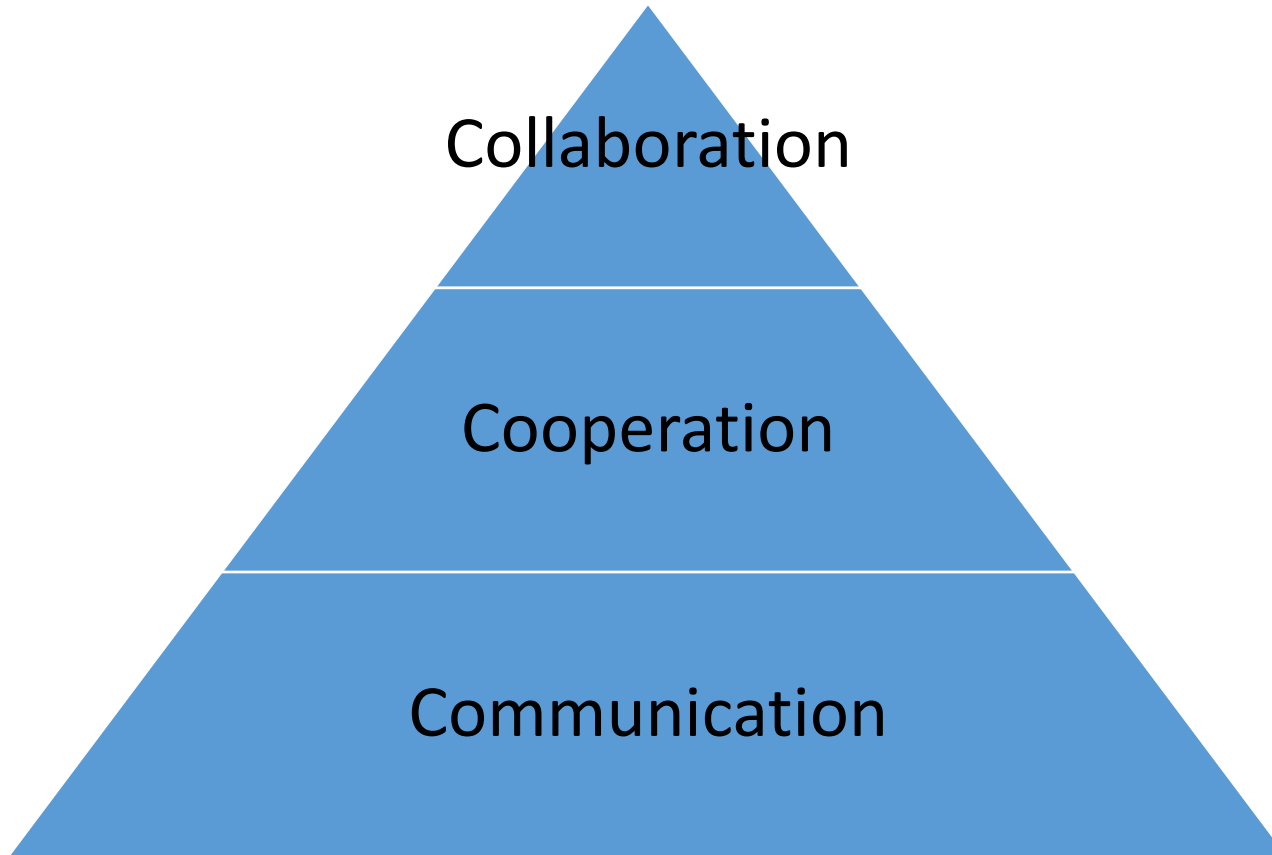
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Critical factors for success

- Good communication, cooperation, and collaboration (Three C's)
- Common goals and shared vision
- Dedication to the success and sustainability of the JV
- Proper sharing of profits and benefits
- JV should work towards the benefit of all partners





Disadvantages and difficulties of a JV

- An imbalance in the levels of expertise, investment, or assets brought into the venture by the different partners.
- Different cultures and management styles resulting in poor integration and cooperation.
- Partners don't provide enough leadership and support.
- Lack of thorough research and analysis of the objective.
- Differing software and methods



Questions?

