FDIO

Forum for Directors of Indigenous Organisations

TOP TIPS for assessing Joint Ventures

(from the Seminar held on 4 September 2014)

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- **A strong relationship is essential.** Around half of JVs fail in the first 100 days, so make sure the organisational culture and values of the JV partners are a good fit before making a commitment.
- **Know what you want to get out of the JV.** Let this drive the negotiation of joint venture arrangements.
- **Due diligence is vital.** Pay as much attention to the distribution of costs as to projected revenue.
- **Ensure you have access to finances.** Make sure you have access to financial statements and bank accounts so that you maintain some control.
- **Management fees can be a trap**. This is an area where costs can be manipulated by JV partners so make sure management fees are reasonable and not eroding profit for the Indigenous party.
- **Manage your liability**. Indigenous party might only be contributing 20% to the project, but liable for 50% of losses.
- **Align commercial arrangements with cultural protocols.** A joint venture project will not work if Indigenous parties can't fulfil their roles due to cultural obligations, such as avoidance relationships between different skin groups.
- **Don't rush in.** This won't be the last JV opportunity that will come your way, so don't compromise. Take your time to conduct due diligence and manage any risks.
- **Have an exit strategy**: make sure you build in avenues to protect your interests at the conclusion of the project or if you need to wind up the JV because it is not working.