# 8 Things a Joint Venture Agreement Should Cover

Combining forces to create a joint venture (JV) is nothing new, but the real trick is to do so in such a way that protects each venturer so that both parties are free to put their best creative foot forward. I'm talking "Captain Planet" levels of teamwork that can only come when all parties feel that they're in a safe space to build an empire.

Just three little words are required to make your wildest joint venture dreams come true: joint venture agreement. Sounds dry. Sounds complicated. But they are absolutely necessary. By outlining each partner's expectations, not only are both of your businesses protected, but the relationship between the people teaming up is protected, too. No passive aggressive emails or fighting over customer lists and trademarks -- or worse.

Every agreement varies depending on the specifics, but when I joined forces with Ashley Ambirge of The TMFProject to create a comprehensive legal resource for entrepreneurs called Small Business Bodyguard, we made sure to cover the absolute must-haves. Here are some of the key items we included that you can use as a jumping-off point to craft your own agreement:

**Simply stated, what will each party be contributing to the joint venture?** It's vital to know if the work will be split 50/50, who's bringing what to the table, and what you can expect from the other person or company. Laying this out in your joint venture agreement in detail will ensure that you and your partner's expectations are aligned.

**Who is responsible for the operations of the venture?** The day-to-day stuff like managing the mailing list, handling customer service, doling out affiliate payments and keeping track of the overall finances of the project are essential to the project's success. These duties can pile up, and if you don't know who's going to be taking care of them, they can either fall by the wayside or one party can end up resenting the other for the amount of work involved. So figure out how operations will be handled and compensated ahead of time and build it into the agreement.

**What is the term of the arrangement?** Is there an end date? Deadlines are always important, but especially in joint ventures. Each party is likely running an entirely other business, so it's important to have milestones specified throughout the project to keep everyone on track. Deadlines and end dates not only keep the project on track, but also allow each party to plan their other endeavors accordingly.

**Who owns what?** Does each party own equal shares of the resulting products, or will the percentages vary? This ties in to the work contribution bit but another consideration is which party has access to a big audience of potential customers. If one person does 80 percent of the work, you need to decide if they're going to own 80 percent of the product, or if some other measurement is appropriate.

**How can branding, intellectual property, and the products/services created in the joint venture be used by each party outside of the joint venture?** (As in, can one of you take the product you both helped to create and sell it in a new market by yourself?) Knowing how the intellectual property and other assets created in the JV will be used ahead of time will cut down on post-project stresses tenfold and make sure everyone is clear on if, how and when they can use the project assets.

**How will finances be handled?** That is, when will you guys receive revenue from the venture? What sorts of things are authorized to be deducted from expenses? Will both parties split the initial startup costs 50/50? Money is one of the main stressors in joint ventures, and setting these percentages in stone will eliminate arguments later on.

**What happens if one person can't perform their duties?** Maybe they sign on to another project and aren't contributing their previously-stated share to the product, or have gotten sick or had a family emergency. In any case, it's good to know in advance what the consequences will be for backing out or slacking off and whether or not the project will go in and in what capacity.

**What's the plan if you guys disagree, and the conflict can't be resolved between you?** Even with the joint venture agreement in place, there's still a chance you'll have disagreements, but the real problem comes about when you can't come to an agreeable resolution. Will you consult a neutral third party, such as a mediator, to help you resolve the issue? Or have the option to go straight to court? The plan of action is up to you, but you need to have one.

The list seems long, but for the right partner, it's worth it. It's all about preparing to work together; preparing for the investment of both time and money, and most of all; preparing to unleash a product for your clients that is so much better than you could ever create on your own.

The alliance between Ash and I was vital to our joint venture's success. Without Ash, the content wouldn't have had that little somethin' somethin' that readers of her blog have come to know and lust after. Without me, the legal bones wouldn't be sturdy or complete. But together? We're unstoppable. Working together has been an absolute pleasure, in part, because we hammered out all of the details ahead of time and both knew what our responsibilities are and what to expect from each other.

Disclaimer: This article is a resource guide for educational and informational purposes only and should not take the place of hiring an attorney. No information in this article creates an attorney-client relationship between the reader and the author.

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*The Young Entrepreneur Council (YEC) is an invite-only organization comprised of the world's most promising young entrepreneurs. In partnership with Citi, YEC recently launched StartupCollective, a free virtual mentorship program that helps millions of entrepreneurs start and grow businesses.*

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