ADVANTAGES OF A JOINT VENTURING

Presented by the
Equal Opportunity Division

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Topics

• Advantages of a Joint Venture
• Structuring a joint venture
• Obtaining certification for a joint venture
  o Requirements
  o How
  o Documentation

Additional information available at mbe.ohio.gov
Advantages of a Joint Venturing

• **Increase Revenue**
  - Gain access to new products, geographic markets, and customer segments/channels
  - Access to new managerial skills or business processes
  - Capitalize economies of scale
  - Maximize purchasing discounts
  - Utilize excess capacity or gain needed capacity
  - Augment complimentary skills and/or assets
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Decreased Costs

- Eliminate redundancy
  - Reduce overlaps in staff
  - Reduce operating costs
- Spread the risk of large-scale capital investments
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Reengineer Financials
  - Capture tax advantages

Access to additional Capital / Funding
  - Limited access to private equity and debt financing
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Be Wary of the Unintended Partnership

• A partnership may be created whether or not the parties intended to form a partnership; the test is whether the parties intended to *carry on as co-owners a business for profit*.

• If a partnership is created, each partner is jointly and severally liable for all obligations of the partnership.
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Certification

Purpose

- To have the joint venture certified into the MBE or EDGE programs, it must be controlled by the certified business owner. Additionally, the certified business owner must have an interest in the capital, assets, and profits and losses of the joint venture at least proportionate to their capital in the venture, but not less than 51 percent for MBE or 30 percent for EDGE.
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Now What?
Let’s discuss:

• Requirements

• How to apply

• Document submission
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Requirements

• **EDGE**
  o 51% owned and controlled by certified EDGE
  o Commercially benefits all parties to the joint venture
  o 70/30 profit/investment

• **MBE**
  o 51% owned and controlled by certified MBE
  o Commercially benefits all parties to the joint venture
  o 51/49 profit/investment
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Requirements (cont.)

• To obtain MBE or EDGE certification of a joint venture, the applicant must complete an online application through the Ohio Business Gateway. Additionally, the applicant must submit a copy of the Joint Venture Agreement to DAS.BCU@das.ohio.gov. Among other things, the Joint Venture Agreement must include the following:

  • Name of project and contract number, if known
  • Location, bid date, and type of project
  • Description of job to be performed by joint venture partners
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Requirements (cont.)

- Percentage of the project to be subcontracted and of actual work being done by the subcontractor.

- Approximate contract start and completion dates.
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How to Apply

Step #1
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Step #2
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Contact us:
- Phone: 614-466-8380
- Web: das.ohio.gov/eod
- EDGE Program: edge.ohio.gov
- MBE Program: mbe.ohio.gov
- OBG: obg.ohio.gov
- Email: das.mbe-edge@das.ohio.gov

Thank you for your attention!
Donald Stinson Jr., EEO Contract Officer