

PEOPLE

JOINT VENTURES



VIDEO
TRANSCRIPT
FIVE



COACHING ACADEMY SPECIALIST
Where Small Businesses Grow

Video Transcript Five

Joint Ventures

Joint ventures is a fantastic way to grow your business and it can be very effective.

It can be very quick, and it can also be incredibly inexpensive and good for you and good for your customers. There are five key ingredients to a successful joint venture, which are as follows.

Number one, you've got to start from a basis where your customers like you, know you, and trust you. It doesn't matter how many, but that they must like you, know you, and trust you.

And that's what gives you something to trade with this joint-venture agreement that you're about to enter into.

The second point is in choosing your partner. And it so easy to focus on a service or a product that's compatible with yours. That's fairly obvious.

But what's really important is that the partner that you're going into business with, that their core values match yours. Because what you're hoping to do is introduce your customers to your partner and also to attract their customers to you. And to do that, there must be some common ground not in the product or the service, but in the style, in the core values of each of the business owners.

So it's important that you get to know what they are before you even approach your joint-venture opportunity; that you must be comfortable that your values have something in common with theirs. That's hugely important.

The third point is knowing your customers' lifetime value. So often I'll come across business owners, and they just do not have an idea of what their lifetime value is. You must establish what it is, because that is the best chance you have of knowing how much you should invest in trying to win that customer.

To try and win a customer for whatever margin you're going to make on the next sale, that's a very short-term view. And that is not a business; that's like one transaction.

You should think in terms of the long-term view, you should think in terms of what sales you're going to make in the future, and that's what's going to give you your lifetime value.

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So it's important that you know your customers' lifetime value.

That's going to help you in your negotiating with the joint venture, because they must have something similar in their mind, and you might find yourself educating them to come to terms what is their lifetime value of their customers as well. And that's going to help you in negotiating and doing a deal for a joint venture.

But you must be clear in your mind what is your customers' lifetime value.

Next point, which is hugely important, is that you must have a clear awareness of protecting your customers' good will. And by that I mean if you're thinking of getting into a joint venture, which would mean trading your customers for your joint venture's customers, meaning that you would introduce your customers to him or her, and equally, he'll do the same.

And before you do that, you must be well aware of the good will that exists between you and your customers. And for you to trade that, you must be aware of the fact that you're doing just that and that they will be grateful for the introduction, that you're not just trading it where it is a benefit to you only.

And by doing that, it's going to help you enormously in the success of your joint venture as long as you're paying due regard.

You'd also find it helpful when you remind your joint-venture opportunity that they should equally think the very same way; that they should be thinking of the goodwill that exists between them and their customers when they attempt to introduce their customers to your business.

So it's important that you are both clearly aware of the goodwill, because that's what we're trading.

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And the final point is you must be sure from the outset that not only your customers enjoy this relationship, but also that your staff enjoy the relationship because they're going to be closely involved.

First of all, it's really important that your customers appreciate that you're going to help them with an introduction to another organisation and they must see a clear benefit.

Very often you're going to be able to show them a pound sign that there's a value, there's a special discount for them because of the introduction. And the reason you can give this discount is it's going to save your marketing and your selling costs.

So you can give a discount, a genuine discount, and let the customer know that there is a discount for the introduction because of your relationship.

Secondly, it's really important that your staff appreciate the growth of this relationship, because again, you're going to be working hand in hand with this joint venture on helping introduce your customers through them. And your staff must get to know what it is you're introducing them to.

It's reasonable that they should get asked from time to time by your customers about this relationship, about the product or the service being sold. And to say, "I know nothing about it" is not a very good answer.

So those are the five key elements to the success of a joint venture for which will definitely help in the growth of your business.

1. Your customers must Like, Know and Trust you.
2. Your prospective new partner's core values are aligned with yours.
3. Know your customers life-time value.
4. Know the true value of your customers Goodwill.
5. Your staff must enjoy this Joint Venture.

DON'T FORGET TO WATCH THE "JOINT VENTURES" VIDEO.