

15.5: Joint Venture

A **joint venture** is when two or more individuals or businesses combine their efforts in a particular business enterprise and agree to share the profits and losses jointly or in proportion to their contributions. Unlike a partnership, which operates as a general business for as long as the partners desire, a joint venture is for a single transaction or a limited activity. The businesses remain separate entities and they do not share financial or confidential information unless they decide to. Joint ventures automatically terminate at the conclusion of an event or project.

Joint ventures are often formed to address a common need or to reach a mutual goal. For example, Google and National Aeronautics and Space Administration (NASA) developed Google Earth as a joint venture. To do so, they shared resources and information necessary to develop Google Earth but Google did not become part of the government, nor did NASA share any confidential information or intellectual property more than necessary.

Joint ventures are also common to share the costs of major research or infrastructure projects within an industry. This occurs frequently when industries are impacted by advances in technology. For example, BMW and Toyota created a joint venture to research hydrogen fuel cells, electric vehicles, and ultra-lightweight materials needed in next generation vehicles. By sharing the cost of research and development, the companies are able to be on the forefront of technological advancements in their industry.

Franchises	Joint Ventures
<ul style="list-style-type: none">• The right to use a trademark by paying a fee to the franchisor• Contract isn't separate from the business• Franchise either offers a good or a service• Mainly used in conducting business abroad	<ul style="list-style-type: none">• Share a mutual goal/cost/losses• Combines efforts in a single transaction or a limited activity• Agreement becomes terminated at the end of the event or project• Financial and confidential information is not shared

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