

SUPPLIER DIVERSITY HOW: Issue 8

Joint Venture Partnerships

Joe Procter, founder of Certified Supplier IndiEnergy, has experienced joint ventures and partnerships in all their forms and at IndiEnergy provides corporate advice to both Indigenous and mainstream clients. For him, joint venture partnerships are all about getting the right advice from the right people at the right time.

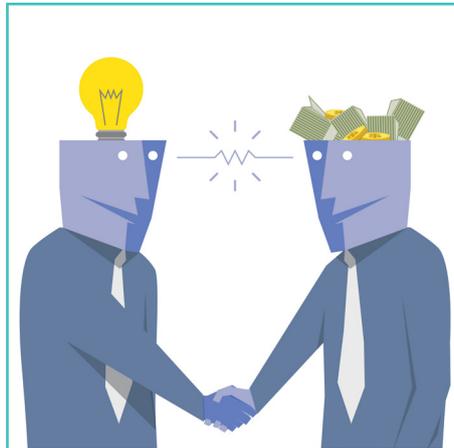
Given the recent Indigenous Procurement Policy announcement on Indigenous business contract targets, coupled with the continually maturing Indigenous resource services sector, the appetite for Joint Venture Partnerships ("JVP") between Indigenous and mainstream companies is growing at a rapid rate.

Gaining a competitive advantage over your commercial rivals is a continual driver for innovative business operators and these emerging opportunities are no different. Companies that are set to dominate the new wave of Indigenous-related contracts will be those that are able to keep a clear perspective, partner with the right people, for the right reasons and navigate their way through the multitude of nuances facing these new partnerships. This is a business consideration and that should be the focus.

Advice from the right people can be extremely valuable to your business

How many people would listen to or trust a personal fitness trainer who is grossly overweight and unfit? Very few, I'm sure.

Then why do we take advice from the wrong people when building businesses or entering into Indigenous-Mainstream Joint Venture Partnerships? Gaining insights and lessons learnt is a wonderful thing, but listening to the wrong people can be unnecessarily time consuming, of little value or extremely costly.



Seek advice from professionals who have track record in the game rather than a spectator with little real substance. Some readers might think this is politically incorrect and you are right. If you seek to make everyone else happy and ultimately let your business go down the drain, you probably shouldn't be going into business or reading the rest of this article.

Seek 'paid advice' from professionals who have invested money into businesses and have 'skin in the game'. Pro bono advice might seem attractive on the surface, but in most cases lacks conviction, urgency and priority. Sometimes you may enjoy great people helping you.

Accounting and Legal firms have their uses when considering the 'structuring' issues of an emerging business or JVP, but when building your business, sizing a market, seeking capital and assessing partners, seek out people that have been through it before, are invested, are aligned to your success. Seek a fixed price quote if you need their 'structuring' advice at the back end of the deal. It's amazing that the same advice comes in a much shorter period of time for a lower fee!

Seeking a JVP for the right reasons

Organic growth, mergers and acquisitions 'M&A' or JVPs are usually the options companies have at their disposal when trying to improve or grow their business. The first option of 'organic growth' involves greater control through a 

SUPPLIER DIVERSITY HOW: Issue 8

Joint Venture Partnerships. Continued...

'do it yourself' approach and is usually considered a safer and slower path. Given the article is more geared toward partnership, let's focus on JVPs.

Indigenous companies looking for Mainstream JVPs

For Indigenous companies considering potential JVPs with a successful mainstream operator, I applaud you. There are so many valuable reasons why this is a great path, just ensure you have considered it carefully.

The first step is to understand what 'YOU' bring to the table. Making sure that you understand what you have and don't have. Can you deliver what you are promising? Consider how to improve your offering so it becomes more attractive and valuable for an interested JVP.

Bringing an unrealistic 'sense of entitlement' to the table due to an Indigenous background is a recipe for disaster. We are all extremely proud of our heritage and believe there are emerging opportunities because of that heritage branding but don't use it as a 'crutch.' Think beyond that lever for a stronger foundation to work off.

Prior to establishing the One Key Larrakia labour solutions JVP, our side met, negotiated and assessed no less than 5 other prospective JVP candidates. After gathering further information at each stage, it became quite clear that our key selection criteria when assessing prospective mainstream JVPs should include the following:

- 1. Value Offering** – what do they bring, industry experience, competitive advantage, capital, networks, operational systems and infrastructure, great people, client track record, solid branding.
- 2. People** – who are they, aligned philosophies, respected and respectful, skin in the game, intelligence and integrity.
- 3. Deal Economics** – does it stack up, equity and profit splits, capital at risk, timing of dividends, roles, responsibilities, exit, resolving dispute, cost clarification, shared control and

protection.

Mainstream companies looking for Indigenous JVPs

Macro changes to an industry are a constant and the new procurement policy direction that the Commonwealth, States, Territories and Private industry are taking is testament to that. Remember that this policy and directional change has been years in the making, following a well-worn path from the United States of America and its own minority minimum procurement policies.

The advice I offer mainstream companies seeking an Indigenous JVP is a reflection of the previous advice to the Indigenous companies. Be clinical, understand why you are pursuing this path and assess your prospective JVPs wisely. The companies that have either been sought out or been approached to form part of our own Wedgetail Larrakia JVPs have understood the following:

- 1. Value Offering** – what does the Indigenous side bring, strict local content, broader spread of Indigenous benefit to hundreds of Traditional Owners rather than a couple of individuals, exclusive branding, capacity, financial literacy, access to clients, markets and political support.
- 2. People** – who are they, commercial approach, clarity, ability to manage constituents to allow you as operator to stick to core business, immune from politics, clear understanding of economics, realism and stability.
- 3. Deal Economics** – does it stack up, are the target economics real, legitimate contracts, exclusive access, premium pricing, margin potential, entry into new areas – geographically and product, excluding your main competitors.

Entering into new JVPs for the right reasons could have a profound impact on the success of both parties if done right.