

ENGINEERING & CONSTRUCTION RISK INSTITUTE

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Joint Ventures Introduction and Definition of Execution Terms

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Purpose: The purpose of the JV series of ECRI Guides is to address project specific Joint Ventures dedicated to a single project or group of projects. Longer term alliances or partnerships are not addressed, as the logic for their creation and methods of execution may differ from those discussed herein. It should be noted that throughout this series, the term “Joint Venture” is used generically to refer to any of various forms of joint association. Refer to the Definitions section of this Document. Joint Venture formation is illustrated by the three phase flowchart below. JV formation is based on a project opportunity which a contractor believes he has a better chance of capturing and/or executing in association with a Joint Venture partner or partners. A benefit and gap analysis should be carried out to confirm this belief; ECRI-JV-002 provides an outline for this analysis. The issues which drive selection of that potential partner are discussed in ECRI-JV-003 and should be developed in conjunction with the benefit and gap analysis. Good practice for defining and working under the subsequent Memorandum of Understanding is discussed in ECRI-JV-004. Finally, ECRI-JV-005 describes good practice in developing the Project Specific Agreement under which the successful Joint Venture will actually execute the project.

Application: The document is produced to improve E&C firms' capabilities in the development of joint ventures and execution of the corresponding work while maximizing the benefits of the arrangement while minimizing its risk. It applies to all joint venture applications. m's design-builder.

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