



Proposing a Joint Venture

Business > Advanced 7



Exercise 1 – Reading

Read the dialogue aloud with your tutor and check your understanding.

Mr. Holt: Good to see you again, Mr. Smith. Please make yourself comfortable.

Mr. Smith: Thank you for inviting me here. I'm afraid I don't have much time today, as my schedule is tight, so, let's cut to the chase. What can I do for you?

Mr. Holt: I have invited you here because I'd like to propose a joint venture, that I believe, will make a steady stream of revenue for both of our companies.

Mr. Smith: Okay, you have got me interested. What kind of venture do you have in mind?

Mr. Holt: We've just launched a new product – a SIM card with extra memory to store more phone numbers and other data. Our plan is to sell them together with economy class smartphones.

Mr. Smith: I'd like to hear more about this proposal. What exactly would be our role in this venture and what are the risks involved?



Mr. Holt: There are no risks on your side. For the beginning, we would like to buy a number of your smartphones and sell them together with our new SIM cards. Then, if all goes well, we could think of a way to bring the two products closer together, and sell them as a single entity. But that is open for discussion.

Mr. Smith: Okay, that sounds reasonable. Well, the price for our most popular economy class smartphone is \$260 per item. We could give you a huge discount if you make the payment in advance. Let's say... \$200 per phone?

Mr. Holt: You run a tight ship here. I did not even start to negotiate and you have already offered us your conditions!

Mr. Smith: Well, you have negotiated with us before... You know that we don't like to beat around the bush and prefer to get straight to the point.

Mr. Holt: Yes, and that's why we like doing business with you. Still, I am not sure we would be able to make the full payment in advance. What I suggest is paying half in advance and half after the first week of the sales.

Mr. Smith: I might have to consult with my partner about these conditions. But in that case, we would not be able to offer such a big discount. Without paying in advance, we could agree on \$210 per phone.



Mr. Holt: I'm not sure that is the best offer we can get. I'm sorry, but I'm going to have to look for other companies' offers, before accepting this deal.

Mr. Smith: Okay, let's not make any rash decisions. Please give me a few minutes and I'll see if there is anything I can do.

Mr. Smith calls his partner to consult with him.

Mr. Smith: All right, we can offer \$203 per phone, that's as low as we can go. How does that sound to you?

Mr. Holt: Now that's something we can agree on. The deal is settled then. It's nice doing business with you.



Check your understanding:

1. What kind of a business venture did Mr. Holt propose to Mr. Smith?
2. What conditions did Mr. Smith offer at first?
3. What did they agree on in the end?



Exercise 2 – Learning

Useful Expressions

- Let's cut to the chase.
- I don't like to beat around the bush.
- I prefer to get straight to the point.
- I'd like to propose a joint venture.
- What are the risks involved?
- That is open for discussion.
- What I suggest is...
- I might have to consult with...
- I'm not sure that is the best offer we can get.
- We're going to have to look for other companies' offers.
- Let's not make any rash decisions.
- I'm sorry but we can't drop our prices any lower than...
- That is as low as we can go.
- The deal is settled then.



Exercise 3 – Role Play

Take turns with your tutor and act out the scene described below.

Scene: You work for a company that manufactures and sells backpacks. You're about to launch a new waterproof cycling backpack and you want to sell them together with bicycles, as part of a promotional campaign. Propose a joint venture to the representative of a famous bicycle brand and negotiate the price per bicycle. Your teacher will act as the representative.



Exercise 4 – Discussion

Discuss the following questions with your tutor.

1. Do you think negotiation skills can be learned?
2. What do you think are the advantages of a joint venture?
3. What are some things to consider before starting a joint venture?