

JOINT VENTURE DIY KIT EVERY DEAL IS POSSIBLE!

Joint Venture
Matrix

by
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PROPERTY 
RESOURCE SHOP

THE LEGAL STUFF...

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JOINT VENTURE PARTNER MATRIX

In this resource, you will discover the Joint Venture Matrix table, which will provide you with a better understanding of the skills and property investing attributes you currently possess.

Having this knowledge will then deliver you with the means to know what to search for in other investors. The end result giving you clarity on what's missing in your existing skills and resources.

Take some quality time to ponder the realisations you uncover from this process. The more clarity you have on what you can and cannot bring to a deal, the better foundations you lay for finding a complimenting joint venture or money partner.

Before using the JV Matrix, make certain you understand the four key components to a profitable property deal:

1. **The ability to find the deal:** This first component is often an underrated skill. Finding profitable deals requires the aptitude to build long-term relationships with real estate agents and other professionals in the industry. Coupled with this is knowing the market intimately, and the ability to create accurate feasibilities in a heartbeat along with the capability and confidence to take action by putting in consistent offers.
2. **Cash or equity:** Every project will require cash whether it's for the initial deposit, consultant's fees, council contributions, GST or many of the other expenses outside of what can be borrowed.
3. **Servicing capacity:** This is the ability to borrow funds from a bank or other lending institution. No matter how much cash you have available, leveraging off other people's money is an efficient use of resources. Even the wealthiest investors in the world like Donald Trump or Richard Branson still borrow money to ensure maximum leverage in a deal.
4. **Skill:** The ability to manage your project to a profitable outcome. There are a myriad of components that need to be handled throughout the life of the project. If you don't have the expertise, it needs to be outsourced.

In essence, a joint venture is created because the whole is greater than the sum of all parts thereby creating a more profitable outcome for all concerned. The trick here is to ascertain what those parts are, which parts you don't have and finding someone that can complement the missing pieces.

So now you know the key parts to a profitable property project, you can start to ascertain which of the four parts you possess and which of the four parts you need to find in a joint venture partner.

Let's now provide some clarity on what each of the column descriptions refer to so you can use the Joint Venture Matrix effectively:

- **Beginner:** A person that is brand new or reasonably new to the world of property investing. You may have just picked up your property book or maybe you have consumed a number of literary resources relating to property. In essence you have little or no skill with finding a property deal or implementing a strategy. If you're looking for inspiration on reading material, check out my blog post where I share my top 5 wealth creation books: www.propertyresourceshop.com/blog/top-5-books
- **Newbie:** A newbie investor has started to implement what he or she has learnt from theory but hasn't actually purchased an investment property yet. A newbie may have some practical exposure to the acquisition phase through purchasing their principal place of residence but have not implemented an active investment strategy yet.
- **Intermediate:** You have not only consumed substantial material on property investing and wealth creation but you have also started building your property portfolio. As an intermediate investor, you may have purchased your principal place of residence along with one or two investment properties. These could be 'buy and hold' type projects or you may have implemented a more active strategy like renovation or even subdivision.
- **Advanced:** An advanced investor is well on their way to financial freedom and will be soon looking to operate as a full time property investor. You have completed over three projects using active property investing strategies and have acquired substantial experience, skill and ability to manage multiple concurrent projects to a profitable outcome.
- **Sophisticated:** You have now reached a level of sophistication as a property investor where property has replaced your full time job. You have implemented multiple strategies, including renovation, subdivision and development coupled with some substantial knowledge around joint venturing and money partnering.

With these descriptions in mind, you can develop a better understanding of your current skill level and the four key components to a profitable property deal.

Bear in mind that this Matrix is only a guide and there will be people that are borderline between levels of skill and available resources to contribute.

Use common sense when working through the Matrix and feel free to reach out and ask a question on the Private Facebook Forum by logging into the Property Resource Shop membership site and navigate to the community page. Connect with others that are using similar strategies and who knows, you might just find a potential joint venture partner there!

	BEGINNER	NEWBIE	INTERMEDIATE	ADVANCED	SOPHISTICATED	YOUR LEVEL
Investor Skill Level	Level 0 No property investing experience	Level 1 Has bought one property (own home)	Level 2 Completed 1-3 projects	Level 3 Completed over 3 projects using multiple strategies	Level 4 Full time investor. Master at maximizing profit	
Ability to find a profitable project	Level 0 Never found a project that stacks up	Level 1 Found potential sites but never followed through	Level 2 Ability to locate good deals	Level 3 Ability to locate great deals with quality relationships with agents	Level 4 Quality deals are brought to you regularly by multiple agents	
Capacity to contribute capital via cash or equity	Level 0 No cash to contribute	Level 1 \$50 to \$100k to contribute	Level 2 \$100 to \$150k to contribute	Level 3 \$150 to \$200k to contribute	Level 4 \$200k+ to contribute	
Servicing Capacity (ability to borrow money)	Level 0 No income to borrow money	Level 1 Annual Income is less than \$50k to leverage off	Level 2 Annual Income is \$50k to \$100k to leverage off	Level 3 Annual Income is \$100k to \$150k to leverage off	Level 4 Annual Income is \$150k+ to leverage off	
Skill and ability to manage the project to a profitable outcome	Level 0 No skill or experience	Level 1 Experience is only theory based	Level 2 Has practical experience and ability to manage simple projects	Level 3 Substantial experience, skill and ability to manage multiple strategies	Level 4 Master at managing any project to a profitable outcome	

Now that you have studied the contents inside the JV Matrix, what can you do with knowledge?

The JV Matrix has been designed not to give you a score or a rating since there are no right or wrong answers here, rather to provide clarity around what skills and resources you have to contribute to a project and which ones you need to source in a joint venture or money partner.

The levels that have been provided throughout the JV Matrix are to assist with understanding the value of each contribution brought to the deal. Let's take a look at an example of how the JV Matrix can be of assistance.

EXAMPLE ONE

Jane has a full time job as a business executive with a salary that pays \$120,000 per annum. She has managed to save \$100,000 and is now looking to use that capital coupled with the leverage her salary provides.

Jane is married with three kids and between work and home life has very little time to devote to building her property portfolio. Jane has very little knowledge around property investing strategies and realises to make any sort of progress, she will need to educate herself and utilise resources from other people to make it work.

In this scenario, Jane's levels could be seen as displayed in the table below. Now that Jane has a clear understanding of what contribution she can make to a project, she can now ascertain what is required to filling in the missing gaps.

	JANE'S LEVEL	
Investor Skill Level	0	In Jane's scenario, her key contribution is servicing capacity where she has been given a level 3. Jane's next best contribution is her ability to bring cash to the deal and a level 2 has been attributed to this contribution.
Ability to find a profitable project	0	Jane's weakness is her investor skill level which is portrayed with the 0 level for skill, ability to find a project and ability to manage a project.
Capacity to contribute capital via cash or equity	2	Her focus now should be to lift her investor skill level to at least a 1 or 2, which might mean doing some theoretical education via books or interactive resources like the DIY Kits. If Jane could allocate substantial time, it might be worth her investing also in a more formal property investing mentorship or course.
Servicing Capacity (ability to borrow money)	3	
Skill and ability to manage the project to a profitable outcome	0	

Its worth noting, this education should be incorporated no matter what contribution you are making to a deal given this will hold you in good stead when making decisions that affect your own property investing long term outcomes.

Secondly, Jane needs to investigate her options to bring in a skilled partner to assist with finding a profitable deal and managing it to a profitable outcome.

This might mean attending property investing networking groups, investigating options with friends or discussing opportunities with colleagues in her circle of work. There are a number of options to explore in Module Four: Who to Joint Venture with and Where to Find Them.

EXAMPLE TWO

Luke is an IT specialist with a full time job that provides him with a salary of \$75,000 per annum, which includes some overtime payments. He is a 25-year-old single guy and is looking to discover ways he can begin the journey to financial freedom with a view to leave his job in five to ten years, depending on how successful he is in his property investing endeavors.

Luke has managed to save \$30,000 in his short working career but can also access another \$25,000 from his parents that are happy to give their son a head start on his first property deal.

Luke has already begun his property investing education by investing some time and money over the past 12 months in a number of courses and interactive resources. He is beginning to get a grasp on strategies such as renovation and subdivision but has never had any practical experience yet.

	LUKE'S LEVEL
Investor Skill Level	1
Ability to find a profitable project	1
Capacity to contribute capital via cash or equity	2
Servicing Capacity (ability to borrow money)	2
Skill and ability to manage the project to a profitable outcome	0

In Luke's scenario, he has some basic resources he can contribute to a project. His cash and servicing offerings are reasonable and has been given a level 2 for these contributions.

Depending on the strategy Luke looks to employ, he may be able to afford a deal himself but would benefit from joining up with another partner to bolster his financial capacity.

Luke has already started to educate himself, which provides a solid foundation to build from when assessing which property investing project to take on. If he can continue to educate himself and take his investor skill level to 2, Luke will be well on the way to achieving his financial goals sooner rather than later.

While Luke continues his education he would benefit from surrounding himself with other active investors that may provide an opportunity to joint venture with.

Using the personality profile in Module Five will assist Luke to find a joint venture partner that has similar goals, risk profile and personality traits. Couple these characteristics with complementing financial resources and bringing someone on board that has a superior skill level will mean he has the making of a good joint venture.

Luke then has options to either do a deal with the joint venture partner or investigate using a professional partner to help ease him into a project by learning the ropes from someone that has substantial experience.

If Luke has enough confidence and a mentor to support him he could even look at doing a project himself and bring in a money partner instead of a joint venture partner. A money partner would bolster his capital and he would only need to pay a set return on the borrowed capital rather than splitting the profits.

Whatever your scenario, use the Joint Venture Matrix to help understand what you need to move forward in your property investing journey using joint venture and money partners.