

Anatomy of JV Partnership Financial Splits

START-UP EXPENSES:

Partner A and Partner B share equally for “start-up” costs for web site design, copywriting, e-business tools, email management systems, shopping carts, etc.

REVENUE SPLIT:

“Adjusted gross” revenue will be split on a 50/50 basis and distributed on the 10th day of the month following the revenue generating month.

ADJUSTED GROSS EXPENSES:

Client Care: 3% of gross up to first \$50,000 generated for each month (1.5% from Partner A and 1.5% from Partner B goes into monthly “expense” fund)

Merchant Fees: 3% for all gross sales (the 3% is approximate, but typically less) (1.5% from Partner A and 1.5% Partner B; automatically deducted at purchase)

Book Keeping/Credit Management: 1% of gross up to first \$50,000 each month (0.5% from Partner A and 0.5% Partner B goes into monthly “expense” fund)

Prudent Reserve: 3% of gross up to first \$100,000 monthly (for working capital) (1.5% from Partner A and 1.5% Partner B goes into monthly “prudent reserve”)

Affiliate Commissions: 50% of gross (20% held back - 30 days - for bad debt) (Partner A and Partner B promote with their own affiliate links and get paid as ordinary affiliates from revenues generated from their respective databases).

ADJUSTED GROSS PARTNERSHIP SPLIT:

Given the ordinary business expenses shown above, the “JV Partnership” split of “adjusted gross” is 50/50 of approximately 40% of total gross revenue.

In other words, Partner A and Partner B will get distributions of 20% each (of gross revenue), plus 50% of affiliate commissions they personally generate.

BASIC BUSINESS ASSUMPTIONS:

- Partner A and B are independent contractors that form a JV Partnership
- A “letter of agreement” (LOA) is created and approved by JV Partners
- Partner A and B hold each other harmless from liability claims (in LOA)
- The book keeper will have “power of attorney” assigned by JV Partners
- Start-up and ongoing business expenses will be paid by both JV Partners
- Partner A and B will fund “start up” portion with an agreed to amount
- Online database is shared by Partner A and Partner B for future ventures