



# **PARTNERSHIPS AND JOINT VENTURES –**

A Business Strategy for Success

**Darrell Gossett, Chairman**  
**ERMCO, Inc., Indianapolis, IN**





*Frischhertz* **ERMCO**  
A JOINT VENTURE



**ERMCO** | THE SUPERIOR GROUP

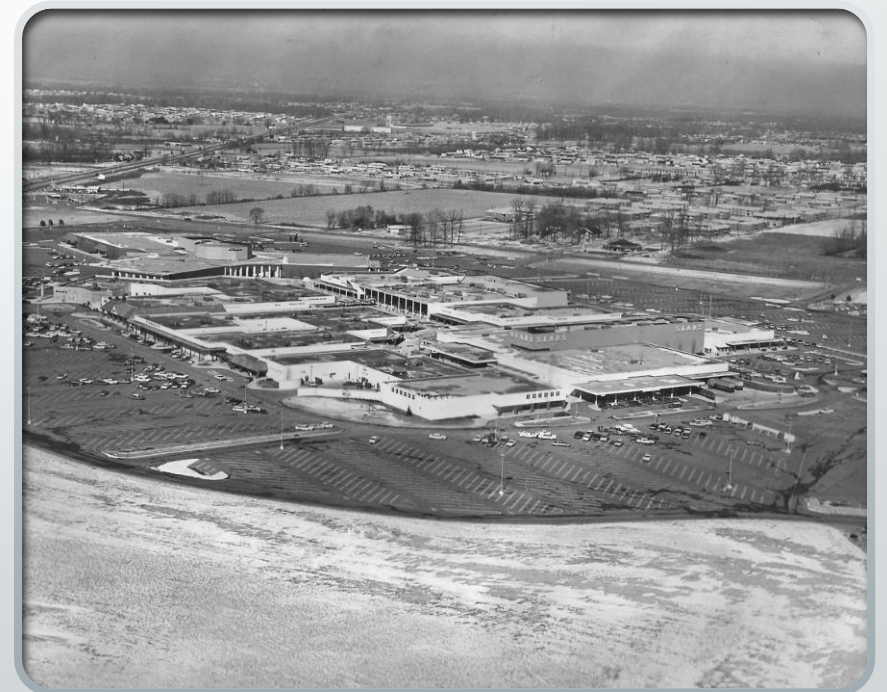
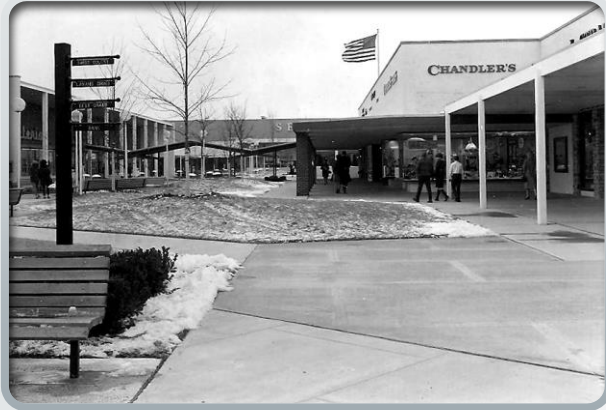


**WME**  
KOONTZ-WAGNER ERMCO



**ERMCO**  
**HENDERSON**





# JOINT VENTURE PROJECTS

Years	Project	Location	Partner
1984	Baptist Hospital	Memphis, TN	T-A-M Electric
1987	The Pyramid	Memphis, TN	T-A-M Electric
1980's	Disney World (Multiple Jobs)	Lake Buena Vista, FL	Sanborn Electric
1994	The AlamoDome	San Antonio, TX	Martin-Wright
2000	Paul Brown Stadium	Cincinnati, OH	United Electric
2001	Heinz Field	Pittsburgh, PA	Sargent Electric
2003	Toyota Center	Houston, TX	Melton Electric
2006	Harrah's Hotel	Metropolis, IL	J. M. Walters
2008	Reid Hospital	Richmond, IN	Cummins Electric
2008	Lucas Oil Stadium	Indianapolis, IN	Sachs Electric
2010	YUM Center	Louisville, KY	Henderson Services
2010	Union Hospital	Terre Haute, IN	Sycamore Engineering

Years	Project	Location	Partner
2000- Present	Indiana University (Multiple Jobs)	Bloomington, IN	Cassady Electric
2012	Barclay Center	Brooklyn, NY	E-J Electric
2013	Miami Valley Racino	Lebanon, OH	ESI, Inc.
2014	URENCO USA Uranium Enrichment Facility	Eunice, NM	B&D Industries
2015	AVAYA Stadium	San Jose, CA	Sprig Electric
2016	IPL Coal/Gas Conversion	Indianapolis, IN	Sachs Electric
2016	FISSERV Generator	Austin, TX	Alterman Electric
Current	NOLA Airport Expansion	New Orleans, LA	Fritschhertz
Current	Mt. Carmel Hospital	Columbus, OH	Superior Group
Current	Kentucky Cvtn. Center	Louisville, KY	Henderson Services
Current	Notre Dame (Multiple Jobs)	South Bend, IN	Koontz-Wagner
Current	S. Bend Children's Hosp.	South Bend, IN	Koontz-Wagner

# HOW DO WE BECOME INVOLVED IN J.V.'s?

- Invited by an owner, GC, CM, or another electrical contractor
- We pursue projects where we can add value
- Relationships built through NECA, ELECTRI, the Academy and the Electric Roundtable



# **EACH PARTNER MUST ADD VALUE**

- **Specific expertise**
- **Relationship with customer**
- **Bonding**
- **Key personnel**
- **Purchasing power**
- **Safety record**
- **Other value-added components**





## **Reid Hospital, Richmond, IN - Completed 2010**

**\$32 Million – Electrical and Systems**



# LOCAL PARTNER – CUMMINS ELECTRIC

- Central Indiana Chapter NECA
- Smaller electrical contractor
- Hospital's maintenance provider
- IBEW Local 855 relationship
- Core group of field talent



# ERMCO'S VALUE TO THE PROJECT

- Relationship with Turner
- Hospital expertise
- Financial stability
- Bonding capacity
- Joint Venture experience



**MODEL PARTNERSHIP –  
WINNING COMBINATION**





**ERMCO / SACHS**  
**Joint Venture**

## **ERMCO**

- Local workforce
- Customer relationships
- Relationship with IBEW Local 481

## **SACHS**

- Airport expertise
- Engineering capabilities
- Peer Group partner

**Midfield Terminal, Indianapolis, IN - 2008**

**\$75.5 Million – Electrical and Systems**





ERMCO / SACHS  
Joint Venture

## **BOTH PARTNERS WITH:**

- Extensive Sports Facilities experience
- Excellent relationships with Hunt Construction
- J.V. experience together

**= HUGE SUCCESS!**

# **Lucas Oil Stadium, Indianapolis, IN - 2008**

\$31.2 Million – Electrical and Systems

# **BENEFITS OF PARTNERING**

- **Stretch our field and management talent**
- **Stretch bonding, tools, cash flow, etc.**
- **Continue to serve our core customers**
- **Utilize the most talented individuals**
- **Compare dual estimates**
- **Share the risks**
- **Learn best practices from each other**





# **KEYS TO A SUCCESSFUL PARTNERSHIP:**

*Build a network of respected potential partners*

# KEYS TO A SUCCESSFUL PARTNERSHIP:

*A successful partnership is much like a successful marriage*

- Treat each other with respect and care
- Understand each partner's expectations
- Open communication
- Share goals

# KEYS TO A SUCCESSFUL PARTNERSHIP:

## *Develop a clear and concise contract*

- Start with a basic model
- Checklist of issues to be addressed
- Select Managing Partner and Keeper of Books
- Fair contract, acceptable to both parties
- Fairness in addressing unforeseen issues



# KEYS TO A SUCCESSFUL PARTNERSHIP:

## *Establish a Cash Flow Plan*

- Seed money
- Plans on how costs will be handled
- Timing of distribution of profits



## **KEYS TO A SUCCESSFUL PARTNERSHIP:**

*One partner should never profit at the expense of the other partner*

# KEYS TO A SUCCESSFUL PARTNERSHIP:

*Determine the appropriate share of Risk and Reward*

- 50/50% Split is ideal
- All decisions based on what is best for project

# KEYS TO A SUCCESSFUL PARTNERSHIP:

## *Hold regularly scheduled Coordination Meetings*

- Set Agenda
- Project management and corporate leaders in attendance
- Keep and distribute formal Minutes
- Open, candid and productive discussion





## **KEYS TO A SUCCESSFUL PARTNERSHIP:**

*Clear understanding of where the Partnership starts and where it ends*



## KEYS TO A SUCCESSFUL PARTNERSHIP:

*Mutual trust between the companies and  
between all individuals involved with the project*



# **OVERALL GOALS FOR A SUCCESSFUL PARTNERSHIP:**

- **Each partner finishes as a better company**
- **Each partner makes a fair profit**
- **Customer gets best possible project**
- **Local partner creates a lifetime client**





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