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### Joint Venture Development: Does theory match reality?

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## **Joint Venture Development: Does theory match reality?**

**Clay Hixson**

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## **Executive Summary**

In this paper, I compare the realities of joint ventures, using one case, to several well-known, academic frameworks related to joint venture development. Most joint venture frameworks identify that the beginning of any joint venture is the formation stage. Within this formation stage there is a transition from an informal phase, in which potential joint venture partners' motives and goals are discussed, to a more formal phase in which firms begin to work towards signing a joint venture agreement. As the formation stage concludes with the signing of joint venture agreement, the adjustment stage begins. The adjustment stage is the process of those each parent firm implementing the strategic business plan of the joint venture and beginning operational activities. As the adjustment stage comes to a close, many joint ventures enter a phase referred to as the evaluation stage. During this final stage of joint venture development, partners commonly perform an evaluation of the alliance in order to assess the degree of fulfillment of original joint venture strategies and goals. The focus of this paper will be on the formation and adjustment stages.

After joint venture frameworks have been established, the focus of the paper turns to applying the model to an actual joint venture between two travel center operators, Fuel Stop and Gas Co. I will describe these firms' process of joint venture development and then compare their experiences with the established frameworks of joint venture development.

## **Introduction to the Joint Venture**

The joint venture has become an increasingly popular type of business organization not only in the United States, but globally. Because of its usefulness in creating new businesses, entering previously un-reached markets, diversifying risks, and obtaining new technologies, joint ventures have helped to form some of the world's most successful enterprises. Examples of successful joint ventures are DuPont-Dow, Boeing-Lockheed Martin, Fuji-Xerox, and Hewlett Packard-Oracle. As two or more firms agree to combine operational and managerial strengths within a strategic alliance, an autonomous business unit is created that offers each company synergies and is usually focused on a specific market. The joint venture differs from other newly formed business entities in that it can be in full operation very quickly with less associated risks as compared to a start-up venture. Moreover, because each partner is usually a viable business unit, they have the potential to dedicate valuable capital, market knowledge, and management expertise to the joint venture. These resources would usually not be available to other forms of new businesses (Hartz, 1988).

Alternatives to joint ventures include mergers and acquisitions, franchise and/or licensing agreements, and cooperative agreements. While these business forms offer some positive attributes, the joint venture structure is usually superior in areas of risk reduction, synergy exploitation, market development, and image protection (Competition, 1986). With an increased focus on efficiency, diversification, and globalization in the

world's business markets, the joint venture can be a profitable means of business for many firms.

### **Framework of Joint Venture Development**

To better understand the process of forming a joint venture, we must first observe existing frameworks of joint venture development. Based on the research of Bettina Buchel in her article published in the *Journal of Management Studies*, "Framework of Joint Venture Development", three distinct developmental stages are commonly observed. Phases of formation, adjustment, and evaluation are frequently experienced in the early stages of a joint venture between two or more firms. Moreover, Buchel concludes that these stages are characterized by periods of converging and diverging opinions and outlooks from the respective venture partners (Buchel, 2000).

Formation Stage. At the beginning of any joint venture is the formation stage. There are two parts to this stage: an informal process in which partner's motives are examined internally followed by a more formal process in which managers at firms begin to work towards signing a joint venture agreement. It is the degree to which the partners agree to the roles, responsibilities, and motives of each other that determines the likelihood that an agreement will be reached and a joint venture pursued (Buchel, 2000). The informal phase of the formation stage is characterized by each firm focusing on their internal perspectives. Motives for entering a co-operative agreement are identified and examined as each firm is "focusing on its own strategic intent independent of the intent of the other" (Buchel, 2000: 646).

At this point in negotiations, each firm may be committed to furthering the agreement; however, the particular motives and intents of the respective companies may not be disclosed to the others. The ambiguity that commonly exists during this informal phase should not be seen as an absolute negative though. In fact, many times a firm agrees to continue negotiations without even reaching a consensus on their motives for entering the joint venture. Gray contends that often stakeholders negotiate issues of legitimacy and reach consensus about possibilities of co-operation, yet the actual motives are not necessarily mentioned or agreed upon. This flexibility keeps all opportunities viable, while allowing the firms to proceed with formal negotiations.

As each firm decides to pursue continued negotiations, the formation stage evolves into a more formal phase. This phase is characterized by each firm reaching a contractual agreement by negotiating toward a consensual strategic intent. During the formal phase, teams are formed by each partner to facilitate “a congruent understanding of the goals and tasks of the joint venture” (Buchel, 2000). These teams are responsible for identifying all strategic intents, discussing potential issues of conflict, and developing objectives for the venture. When each partner agrees upon the responsibilities and intents of the other(s), a formal agreement outlining the strategic alliance can be reached.

Adjustment Stage. While the formation stage is necessary for partners in the joint venture to identify motives, define scope, and reach a formal agreement, the *adjustment stage* is the process of those firms implementing the strategic business plan and beginning operational activities. The adjustment stage begins after the formal joint venture agreement has been signed. It is during this period that cyclical phases of divergence and convergence are most commonly present. Divergence simply means the

development of differing views from each partner concerning operational or managerial issues, while convergence is the process of resolving these conflicts. It is the task of each partners' organizational team to effectively deal with these issues while working to implement the structural basis of the new entity. As Buchel states, "This involves interpreting events, developing frameworks for understanding and jointly deciding upon the next action steps" (Buchel, 2000: 648). Divergence occurs during this period, as Daft and Weick (1984) contend, because each firm's group members relate their past experiences, established ideals, and corporate cultures to the current joint venture. "These different belief structures influence the interpretation of events and determine the area of conflict emergence" (Buchel, 2000: 649).

Evaluation Stage. As the adjustment stage comes to a close, many joint ventures enter a phase referred to as the *evaluation stage*. Partners commonly perform an evaluation of the alliance in order to assess "the partnership in terms of the degree of fulfillment of parental expectations, deviations from the original business plan, or degree of equitable contributions" (Buchel, 2000: 653). A period of evaluation usually arises due to increased conflict over operational or managerial issues. When this conflict, or divergence, reaches a certain threshold, one or more of the partners will call for an evaluation of the joint venture and its operations. At this point, the partners in the joint agreement have become an entwined entity and are dependent upon each other for support. Robert Spekman contends that during this stage in a joint venture's development "managers focus on staying the course and adapting the direction of the alliance to reflect both internal and external pressures" (Spekman, Isabella, MacAvoy, Forbes, 1996: 351). Because there is a high potential for conflict in any joint venture,

many firms agree to establish a systematic process of review in which both partners complete periodic evaluations to determine the state of the joint venture (Spekman, et al., 1996).

For the remainder of this paper, the focus will be upon the earlier stages of joint venture development. This analysis will include listing possible motives for firms wishing to form a strategic alliance, coverage of potential effects that a joint venture would have on respective partners, and more detailed discussions concerning the formation and adjustment phases of the developing joint venture. These topics will be covered in greater detail, because of the particularly strong effects they have concerning the success of the joint venture.

### **Formation Stage: Motives for Joint Ventures**

This section will discuss some of the strategic motives that would lead firms to form a joint venture. This analysis will also include reasoning behind these motives and the potential financial effects of joint ventures on their respective firms. While potential motives for pursuing a joint venture with another firm are numerous, they can be classified into three major subgroups: resource-driven joint ventures, market-driven joint ventures, and risk-driven joint ventures (Wille, 1988).

Joint ventures that are motivated by one or more firm's desire to obtain financing, technology, or operating techniques that are otherwise unavailable, are classified as resource-driven joint ventures. This occurs when, "one parent lacks one or more of the essential ingredients needed to exploit a given market opportunity in a timely or profitable manner" (Hartz, 1988: 1). Many times, a particular firm may possess the



technological and operational capabilities to undergo a value-adding project, yet lack sufficient capital needed to finance the project's continuation. In this case, an alliance with another, well financed, firm could lead to the project being accepted. "By pooling resources with other firms, they may find it easier to finance a project or to obtain venture capital due to their increased ability to repay loans..." (Competition 1986; 23).

Another resource-driven motive leading to a joint agreement involves one firm desiring a complementary technology that is currently possessed by another company. Many times, large, well-capitalized firms will "take minority positions in small technology-based companies in order to ensure future access to the fruits of the firm's creative efforts" (Wille, 1988: 7-8). By adding the technology used to produce goods to established marketing and distribution channels, firms gain an efficient competitive advantage. Finally, resource-driven joint ventures are sometimes motivated by organizational or operational techniques. In some cases, firms merely need the managerial experience and expertise to fully realize the potential rewards from their strengths in other functional areas such as manufacturing capabilities (Wille, 1988).

A firm's decision to enter into a joint venture agreement can also be motivated by market-driven factors. "Although a firm may have the capability of producing a given product or service, a joint venture can afford it certain market advantages which it would not otherwise enjoy" (Wille, 1988: 9). Motivations including establishing an increased market presence, obtaining economies of scale, and raising entry barriers for potential competitors are common examples of market-driven motives for pursuing a joint venture. Often, firms wish to increase their relative influence in a particular market by establishing a greater presence. With this increased market share, partners in the joint venture are also

able to avoid competition with each other and create high entry barriers for potential competitors while obtaining economies of scale within their industry (Competition, 1986).

Risk-driven joint ventures can be described as agreements that are motivated by reducing the costs or risks of a certain project. Joint ventures with risk-driven motives usually fall into one of two categories; they are established to share the costs of a large production project, or are formed to defray some of the risks involved in large research and development projects. Firms that form research joint ventures are usually concerned with reducing the risk of competitors imitating their products after their introduction, while joint ventures based on reducing the risks of production are common in extractive industries like mining or oil-drilling, where set-up costs and the variability of returns are very high (Wille, 1988).

### **Components of the Formation Stage**

The discussion will now focus on identifying phases commonly observed in the formation period of a joint venture. Moreover, we will distinguish specific aspects that characterize a successful joint venture agreement. In the article “Creating Strategic Alliances which Endure”, published in *Long Range Planning*, the authors contend that within the formation stage there are three distinct phases: anticipation, engagement, and valuation (Spekman et al., 1996: 356, et al., 1996).

**Anticipation.** During the anticipation phase, managers of the prospective partners begin to share “a vision of competitive advantage which could be achieved only in partnership” (Spekman, et al., 1996: 354). This period of high motivation and

preliminary discussions occurs during the “informal” phase discussed earlier in this paper. It is common during this stage for senior managers to possess a vision for the joint venture and to begin to impress that vision throughout their respective firms. Research shows that these visions were driven by strategic motives and that the success of the joint venture was to the degree that these visions were uniformly accepted (Spekman, et al., 1996).

**Engagement.** The next phase observed by Spekman was a period of engagement between the partners of the joint venture. During this stage, managers of each firm begin to share a common vision for the alliance and work toward forming joint strategies to accomplish this purpose (Spekman, et al., 1996). Understanding and respecting the values of your partner becomes critical during this stage. As one manager in the Spekman text stated, “Two things are critical: understanding your partner’s corporate culture and corporate strategy” (Spekman, et al., 1996: 352). The inability of each firm to be sensitive to their partner’s established culture and values will be detrimental to the success of the joint venture.

**Valuation.** The final phase of the formation stage, as observed by Spekman, is a period of valuation. At this point, managers from each firm begin to analyze the actual worth of the joint venture to each company. Teams representing each partner negotiate each firm’s responsibility to the new entity and form realistic goals for the joint venture to accomplish. During this phase, which would fall into the formal phase of the formation stage proposed by Buchel, firms focus on internal issues relating to the joint venture and determine possible gains from the alliance. As this valuation period

continues, managers must strive to clearly communicate the potential benefits of the joint venture for their firm (Spekman, et al., 1996).

### **Components of the Adjustment Stage**

Following the completion of the formation stage, the development of the joint venture experiences significant change. As the joint venture enters a period of adjustment, each partner begins to define the “scope, domain, and operational purposes of the alliance” (Spekman, et al., 1996). At this time, structural frameworks and approved processes begin to take shape within the new entity. While the focus in the formation stage was on internal motives and potential benefits, during the adjustment stage, management’s attention is directed toward operations, task delegation, and structural integration between all involved partners. As the joint venture begins operations, committees from each firm have the responsibility “to both oversee the evolution of the joint working arrangements and to model the range of acceptable behaviors between partners” (Spekman, et al., 1996: 355). Members of these committees must effectively translate the vision of senior management into an operational reality. In some cases, firms entering into a joint venture elect to employ consultants to assist their efforts during this coordination period. Communication becomes a very important issue during the coordination phase, as effective communication “signals commitment” from one firm to another and reduces the likelihood of confusion.

Within the adjustment stage, Spekman argues, there is another shift, from coordination to investment. It is at this point that each firm must provide “financial, human, physical and intellectual capital to the alliance” (Spekman, et al., 1996: 355).

Partners of the joint venture must now commit valuable company resources to realize the strategic goals of the cooperative agreement. This is a watershed event in the development of the joint venture as it becomes difficult to “re-shape, re-configure, or even re-calibrate the scope and direction of the alliance” after investment in the joint venture is made (Spekman, et al., 1996: 356). We will now transition to from an overview of academic frameworks to a real case of joint venture.

### **Introduction to Fuel Stop and Gas Co. Joint Venture**

The joint venture that will be used to compare to the academic framework is between Fuel Stop and GasCo. (Footnote: This is a real and new joint venture. However, it has been requested by the companies that their names be disguised for disclosure issues.) This joint venture will combine 144 of Gas Co.’s travel center locations across the nation and 94 locations from Fuel Stop. A travel center is a retail diesel and gas fueling station that is specifically marketed to interstate travelers like distribution companies and trucking firms. The new company is structured as a limited liability company, NewCo LLC, owned 50 percent by Fuel Stop and 50 percent by Gas Co. Both parties maintain their gasoline and C-store operations through separate entities. The new company is an independent entity and the nation’s largest travel center chain by over 75 units. In addition, NewCo LLC will be a formidable competitor in the nation’s primary truck traffic region. This 14-state area accounts for nearly two-thirds of the truck-borne freight tonnage in the country. Both firms will best realize the potential of this market by establishing the coast-to-coast network that permits them to develop fleet accounts with the nation’s largest carriers.

## **Motives for the Fuel Stop and Gas Co. Joint Venture**

To begin our analysis of the Fuel Stop/Gas Co. joint venture, we will first examine the motives for entering the alliance from Fuel Stop's perspective. Fuel Stop has long been a regional player in the travel center industry. However, after completing market research and recognizing that national carriers would carry more allegiance to a fuel and service provider that enjoyed a national presence, Fuel Stop concluded that a strategic move toward becoming a national travel center operator was needed. Fuel Stop management saw great potential to enhance profits by building an infrastructure that could attract the national carrier and regional carrier alike. The underlying premise was that if SSA could provide competitive priced-fuel to the national trucking companies as well as provide those companies' drivers with efficient, appealing nationwide locations, an allegiance would develop and render its existing facilities more opportunity for sales growth.

When the expansion project was in the planning stages, one step taken by Fuel Stop was to analyze successful and unsuccessful competitors in an effort to model their program to attain the highest profitability with the lowest investment. Ironically, Fuel Stop targeted its unit construction to mirror those of Gas Co., a company offering a good mix of amenities, services and food offerings without overbuilding its facilities. All in all, Fuel Stop planned to spend another \$160 million over the next several years in its 20-unit expansion westward. However, Fuel Stop executive management seized a unique opportunity to enter joint venture formation discussions with the company we were trying to emulate, Gas Co.

One motive for Fuel Stop to enter a joint venture with Gas Co. was the possibility of accelerating their ambitious plans for a nationwide travel center network from a several-year time horizon to an immediate reality. The proposed joint venture would combine 144 of Gas Co.'s travel center locations across the nation and 94 locations from Fuel Stop. The joint venture would also allow Fuel Stop to invest substantially less capital and incur less risk while enjoying immediate expansion. Fuel Stop also felt that Gas Co. was a true industry leader in their management techniques. Since 1988, Gas Co. had concentrated on designing a high-performance travel center operating model, while Fuel Stop had devoted its energies to building the nation's convenience store chain. By entering into a joint venture with a proven performer in the travel center industry, Fuel Stop could benefit from the market expertise of Gas Co.'s management. Another motive for Fuel Stop to enter into an alliance with Gas Co. was first mover advantages in an industry ripe for consolidation. Also, as Fuel Stop ceded operational control of their travel center units to Gas Co., Fuel Stop's management could focus on convenience store marketing and operations.

### **Formation Stage of the Fuel Stop and Gas Co. Joint Venture**

Discussions between Fuel Stop and Gas Co. began in late 2000, as senior executives began preliminary inquiries concerning the feasibility of a joint venture between the two companies. Management from Fuel Stop and Gas Co. knew each other well, as the two companies has more than 30 years of experience with each other, including more than 20 years as partners in other coordinated ventures. While the

marketing partnership ended amicably in 1988, Fuel Stop continued to serve Gas Co. as a wholesale fuel supplier.

For the months following the beginning of discussions, both firms' managers began to determine the relative worth of a joint venture for their respective companies. For Fuel Stop in particular, the proposed joint venture offered the ability to accelerate their ambitious plans for a nationwide travel center network from a three-year time horizon to an immediate reality. Participation in the NewCo LLC joint venture also allowed Fuel Stop to join forces with a management team that they knew well, and to tap the expertise of a company that had emerged as a true industry leader. In addition, NewCo would be a formidable competitor in the nation's primary truck traffic region. This 14-state area accounts for nearly two-thirds of the truck-borne freight tonnage in the country. Both Fuel Stop and Gas Co. management recognized that to fully realize the potential of this market, they needed to establish a coast-to-coast network that would permit them to develop fleet accounts with the nation's largest carriers.

At the time of discussions between Fuel Stop and GasCo. management, the truck stop industry was highly fragmented. With more than 550 separate companies involved in plazas, truck stops and travel centers, there was a definite opportunity for forward thinking firms to consolidate their operations to become more efficient and profitable. The Fuel Stop/Gas Co. joint venture would take Fuel Stop out of the mix of regional players and help establish Gas Co. and NewCo LLC as the national leader in the travel center industry. A letter of intent was signed on March 15, 2001, beginning a period of more intense negotiations. Both companies envisioned a company that would be a customer-focused, market-driven organization operating with the highest regard for



environmental stewardship, ethics and employee safety. As negotiations proceeded, Gas Co. and Fuel Stop realized that each parent would immediately enjoy increased accretive earnings, amplified cash flows and economic value added. Negotiations continued to go smoothly and the joint venture received clearance from the FTC on April 27, 2001, 21 days earlier than expected. Fuel Stop and Gas Co. signed a definitive joint venture agreement on August 17, 2001, with the first day of operations for NewCo LLC planned for September 1, 2001.

### **Adjustment Stage of the Fuel Stop and Gas Co. Joint Venture**

As we stated earlier, when the joint venture enters a period of adjustment, each partner begins to define the “scope, domain, and operational purposes of the alliance” (Spekman et al., 1996: 356). As the adjustment stage began, the first concern for the joint venture teams from both firms was to finalize the management structure for NewCo LLC. While it was decided that Gas Co. would staff the majority of the senior operating positions, both companies would be supplying key senior personnel. Fuel Stop executives filled key financial positions and also provided the General Counsel for the new entity. Outside of corporate positions, Fuel Stop would also be providing field-level managers and merchandisers, as well as store level personnel, across the nation. It was decided that of the 11,000 total employees of NewCo LLC, Fuel Stop would be providing 3,500.

It was decided during the adjustment period that the new company’s headquarters would be located in Gas Co.’s current offices with Gas Co.’s President and Chief

Executive Officer also filling both roles for NewCo LLC. Reporting directly to the CEO would be Vice-Presidents of Marketing, Operations, Supply and Distribution, and a Chief Financial Officer. Reporting directly to the CFO would be NewCo's Controller and Treasurer. A General Counsel, staffed by executives from both firms would also assist and report to the President and CEO of NewCo LLC. Each parent appointed five voting members to the Board of Managers, with the new company president sitting as a non-voting member. Certain decisions involving the new company would need a 100% vote from the Board of Managers. Issues that required the unanimous agreement were a change in the automatic cash distribution policy, approval of new capital expenditures exceeding 100% of historical DD&A, an increase in debt above the established amount, appointment or replacement of senior officers, approval of a new business plan, and proposed changes in the operating and capital budgets.

The major governance provisions for the new company were designed to assure the best interests of both Fuel Stop and Gas Co. One of the provisions in the bylaws of NewCo LLC required quarterly distribution of excess cash and limitations on capital expenditures and new borrowings. These provisions were designed to assure that the new company is a cash flow generator, and to eliminate any future disputes over these fundamental principles. Another provision was that for the first five years, each party would retain a right of first refusal, should the other partner wish to dispose of its interest. After five years, Gas Co. has a put option to be exercised at 90 to 95 percent of fair value, depending on whether the option is paid in cash or securities. Fuel Stop has a similar call option after Year 10, to be exercised at 105 to 110 percent of fair value. Fuel Stop can exercise its option if the Board resists attempts to significantly expand or sell the

company as an IPO. These provisions are designed to allow us to either grow or monetize our investment at our discretion.

The adjustment stage also saw issues like brand name and marketing discussed and resolved. Managers from both Gas Co. and Fuel Stop decided that the integration process would focus on re-branding the Fuel Stop travel centers to fully capture the market franchise and brand recognition enjoyed by Gas Co. Managers from both parents believed that as the Gas Co. operating model was employed across all of NewCo LLC's units, existing Fuel Stop locations would experience a growth in profitability. NewCo LLC planned on spending in excess of \$40 million over the course of the next sixteen months to conform Fuel Stop locations to the Gas Co. model. Converting all existing restaurants in Fuel Stop locations to sector-leading brands was also an important step. This provision was added because Fuel Stop management believed that one reason Gas Co. leads in this category is their selection of premium brands. The joint venture planners also concluded that the retention of the Fuel Stop brand for gasoline sales made sense and added that decision as a provision of NewCo's bylaws.

Other provisions were that each partner expects modest capital investment (five new sites per year) to maintain and grow the company. The relatively passive growth plan was appropriate because the new company's travel center network would be essentially complete. Another provision was that the each parent retained all pre-formation environmental obligations for five years. Thereafter, the obligation shifts to the new company at the rate of 20 percent per year, with full responsibility assumed at the end of ten years.

## Conclusions

As stated earlier, the purpose of this research was to understand if the present academic frameworks of joint ventures are accurate models in relation to real world occurrences. Academic models of joint venture development have been presented and the actual joint venture agreement between Fuel Stop and Gas Co. has been introduced. In closing, we need to determine if the models fit this real world agreement and where the models could be improved in respect to the Fuel Stop/Gas Co. joint venture.

Frameworks of joint venture development suggest that the first stage of development is the formation phase. This stage is characterized by periods of informal and formal discussions between prospective partners in the joint venture. As we examine the Fuel Stop and Gas Co. joint venture, we clearly observe a period of formation. Both companies were familiar with each other and understood the strategic motives for their potential partner. Discussions to begin joint venture negotiations began in late 2000 and continued into the first quarter of 2001. During this time, each firm expressed, both internally and to the other partner, their motives for entering into a joint venture. As discussions continued, Fuel Stop and Gas Co. realized that a joint venture would allow both firms to accomplish their long-term operational objectives. In March of 2001, a letter of intent was signed that stated both companies were dedicated to maintaining negotiations that would culminate in a joint venture agreement. For the next few months, discussions became more formal. From March 2001 until August 2001, issues and motives were discussed with a high degree of convergence between managers of both firms. The formation period closed with Fuel Stop and Gas Co. signing a definitive joint

venture agreement on August 17, 2001. The observed development of the Fuel Stop/Gas Co. partnership closely followed the accepted models of joint venture development.

At the completion of the formation stage, frameworks of joint venture development suggest that firms will enter into a stage of adjustment and planning. At this time, structural frameworks and approved processes begin to take shape within the new entity. While the focus in the formation stage was on internal motives and potential benefits, during the adjustment stage attention is directed toward operations, task delegation, and structural integration between all involved partners. Again, the Fuel Stop/Gas Co. relationship mirrored the accepted models of joint venture development. After the final agreement was signed in August of 2001, both Fuel Stop and Gas Co. began to organize management structure, scope of operations and strategic goals.

However, one divergence from the model was observed during this period. During early negotiations in the formation period, operational issues were also discussed. Issues that joint venture development models commonly found in the adjustment stage were actually discussed before Fuel Stop and Gas Co. signed the joint venture development agreement. While Fuel Stop and Gas Co. focused on management structure and operational responsibilities during the adjustment stage, these issues partially negotiated during earlier, more informal stages of the joint venture development. The fact that such issues were discussed at such an early stage can probably be attributed to the nature of the relationship between Gas Co. and Fuel Stop. The companies had an existing relationship and were familiar with each other's management teams. This comfortable relationship probably led to a relaxed atmosphere during early negotiations that fostered an increased sharing of intents, goals, and acceptable processes.

In conclusion, the accepted models and frameworks of joint venture development proved to be very accurate in regards to the Fuel Stop/Gas Co. joint venture. Motives for partnership were shared between both firms at an early stage, discussions moved from an informal to a more formal period, and a period of operational structuring followed the signing of an official joint venture development agreement. With the only observed divergence from the actual joint venture and established joint venture models being an abnormal period of structural negotiations in early stages, the accepted frameworks of joint venture development proved to be precise in the Fuel Stop and Gas Co. joint venture development process.

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