Rural Advancement Foundation International - USA

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FACT SHEET: Management Experience and Working with Your Lender

Management Experience

Your personal agricultural management experience is very important to agricultural lenders. If you are venturing into something brand new to you, you are not likely to get financing to start new enterprise. Instead, consider a business plan that allows you at least three years of self-financed operations, to build experience and prove your capabilities.

What your lender will look at:

- ✓ Your vision for the business
- ✓ Whether or not you have the leadership capacity or experience to execute your plan
- ✓ Your production history, or your success or failure with past enterprises
- ✓ Any experience you or your partners have that indicate chances of success with this new venture
- ✓ All of your relevant educational and work experience
- ✓ Your partners' experience with more complex business proposals, such as value-added enterprises. Lenders typically analyze the experience and leadership of any consultants hired to help with the development process (for example, architects, contractors, lawyers, marketing agents). If you have such partners, you may need to write these people into your business plan.

FOR MORE INFORMATION, SEE THE FARMER'S GUIDE TO AGRICULTURAL CREDIT
http://rafiusa.org/blog/the-farmers-guide-to-agricultural-credit/

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Working With Your Lender

- ✓ Be prepared to explain the details of your business plan so that the lender gains confidence in your knowledge of the proposal.

- ✓ Give your lender plenty of time to review your plans. By explaining your goals and plans, you strengthen your relationship with your lender.

- ✓ Arrange credit in advance. Do not make major financial decisions without informing your lender.

- ✓ Let your lender know about problems and changes. By letting your lender know, adjustments can be made and solutions can be found.

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