

ABDI Specialty Webinars:

Becoming Lender Ready: What's Important to Lenders



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Context: A Lender Ready Program



- Part of the **ABDI and MLA Business Management Program**
- **Professional Development** – to support better business management – and business growth (not production)
- Lender Ready **Webinar Program**:
 1. Keep **People Informed**
 2. Understand **key wants, needs and drivers** of lenders
 3. What might **affect your engagement** with lenders.



Queensland
Government

Key Question:



A Key Question from **Lenders** to borrowers:

“If I’m lending you money, I want to know:

- When I will be repaid?
- How do you plan on doing that?
- What can go wrong on the journey?”

Agenda:

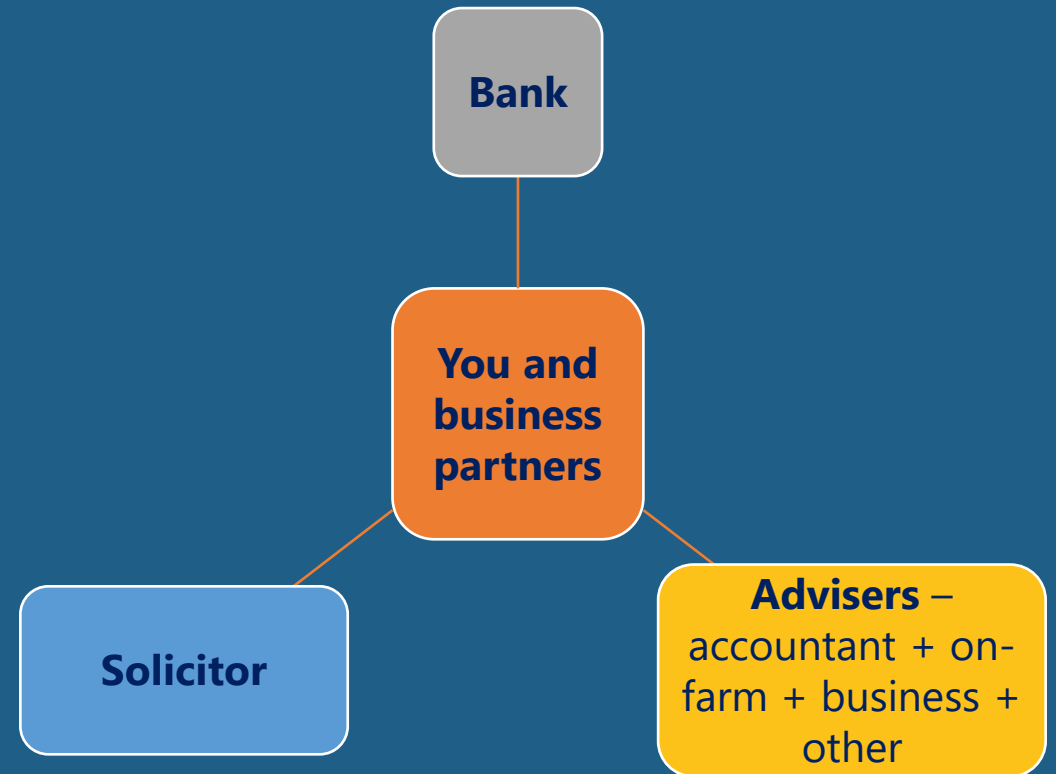
The **Lending Environment** has changed – and keeps adjusting

Key **Business Funding** considerations:

1. Implement **Business Best Practice**
2. Stand in a **Lender's Shoes**
3. **Business Risk** – Why, What, How and What If

Golden Rules around **Risk** – what risk, how to manage + demonstrate 'mitigation' – and **annual review**.

There are **4 key elements** of putting a **Lending Proposal** together:



12-Pillars of Business Best Practice

Mainstream business ... and agri-business

1. End-Game

- Where you're going
- How to get there

2. Market-place

- What customer?
- What product?

3. Corporate mindset

- It's a way of thinking
- Size appropriate

4. Financials

- Financial fundamentals
- Today's environment

5. Teams

- Staff and contractors
- You – and the family?

6. Systems

- Quality – consistency
- Make you redundant

7. Business Risk

- Business – not production
- Now – intangibles

8. Legals

- Contracts
- Governance (best practice)

9. Succession

- We prefer – Business Growth and Transition

10. Value-add = leverage

- Making more
- Collaboration

11. Sales + marketing

- To the door
- Through the door

12. Communication

- Outside the business
- Inside the business

What's Most Important to Lenders

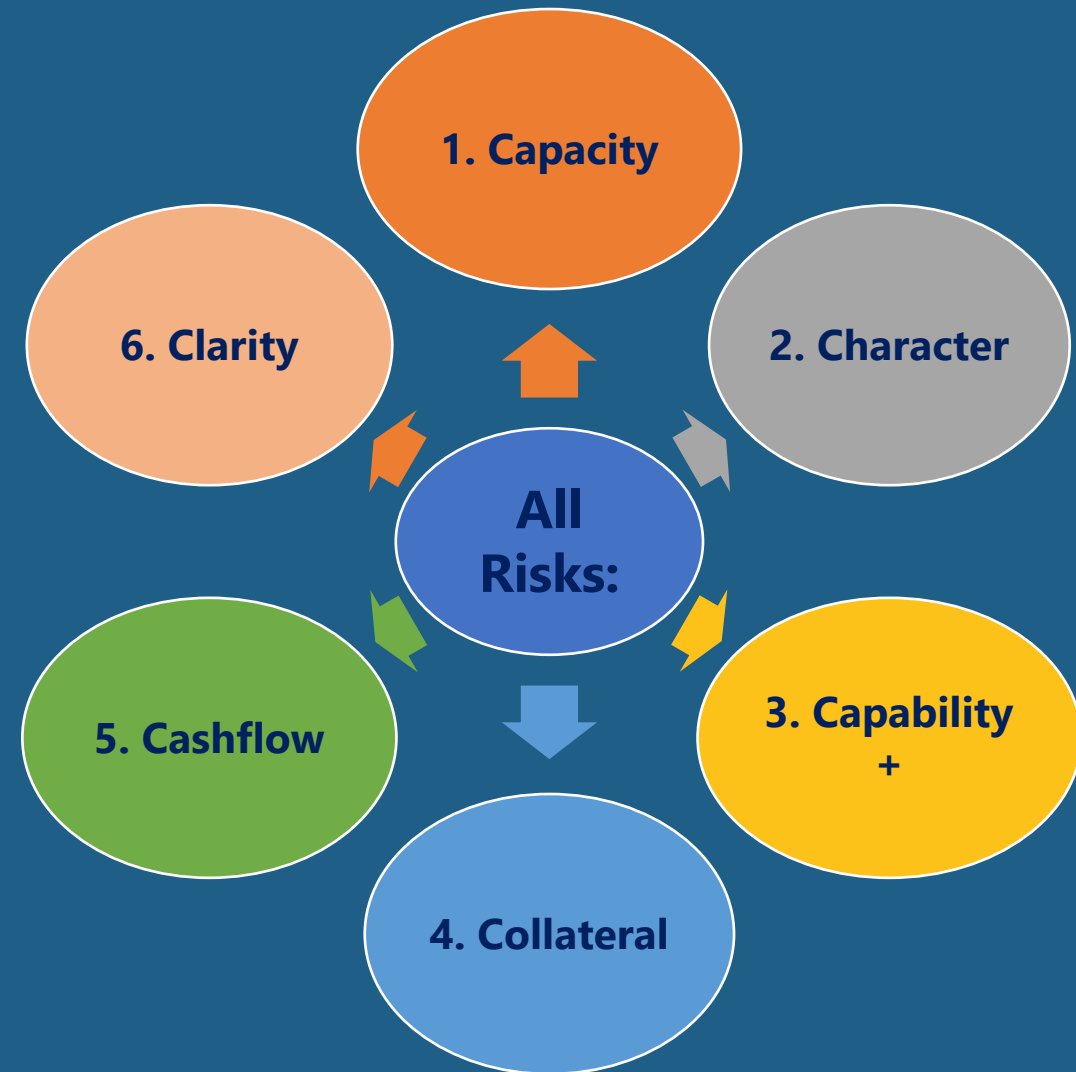
The key is **Risk**:

- Identify (What)
- How to manage? (How)
- Implications (What If)
- Check it's dealt with (Mitigate)

What Risk(s):

- Operations
- Business – general
- Implement plans
- Financials.

Risk review – and update.



Poll Question:



What's **your personal definition** of **Business Risk**:

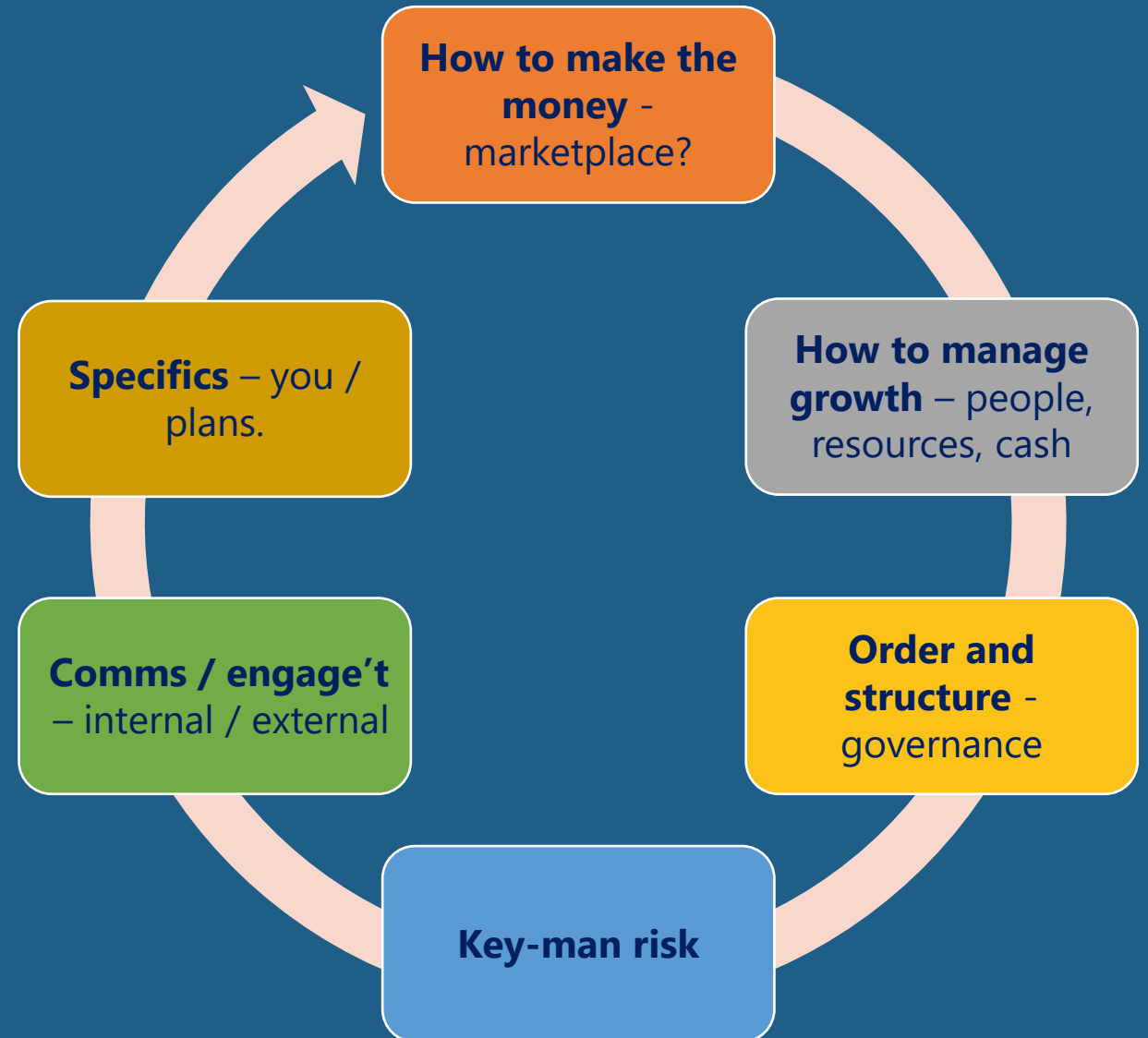
1. "I can confirm that 90% of things that can go wrong in my production are known and we have systems to deal with them"
2. "I've got pretty much all bases covered in my production and steps in place to deal with climate variability (drought and flood) – or at least I know what to expect and how to manage it"
3. "I've got most of my production sorted; I can deal with climate issues – and I have regular financial reviews; I'm organised for my annual bank review (beforehand) and rarely do I have staff, financial or customer problems".

Which of 1, 2 or 3 is you? Greg to advise how they were rated.

Business Risk

What **Business Risks**?

- Your **Management**:
 - **now**
 - in **future** – as plans implemented (funded)
- **Personnel** – you + others
- **Financials** – cash / capex
- How to Implement '**the plan**' = Annual Review
- Key '**factors affecting**' – why, what, how and 'what if' (works / don't work).



What's coming in 2022+?

APRA – regulation:

- Consider **climate variability** and climate change
- Banks / institutions – **Board Duties** to consider **implications**
- Insurers and superannuation
- Clients – **us as borrowers**
 - Our planning
 - Best practice
 - Our risks?

Industry organisations – industry best practice:

- Climate
- Disasters – droughts and floods
- 'Clean and green'
- Sustainability Frameworks
- Social licence to operate
- Animal welfare
- Innovation
- And more.

Q: Are you in a position to **integrate this thinking** into your planning?



Kylie's Take Home Messages:

Think **Business Best Practice** (you may need help):

- Define **Business Risks** – Why, What, How and What If – of each risk
- Use the **ABDI 12-Pillars of Business Best Practice**
- Consider **the ABDI 12-Pillars** a **Framework** or **Checklist**

- Consider these as **specific risks**:
 - What are **the goals** of the individuals and business?
 - What **steps required** to take – to achieve the goals?
 - What are **key things that could go wrong** to prevent achieving?

Can't put measures in place for absolutely everything – so **some planning** will assist in **overcoming hurdles** when they do arise.



Information

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Lender Ready Program details:

We'll email you details of the next Program – starting 1st November 2022.

Disclaimer



The **Lender Ready Program** is designed to help you
... “Work Out What You Don’t Know You Don’t Know” ...
Then develop the ‘data’ and ‘documents’!

This information is general in nature, and is no substitute for seeking specialist input for your own circumstances.

