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AMBIITION<sup>®</sup>



*Rabo AgriFinance*

## Cow Calf Symposium: Financing Your New Venture

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Presented By:  
**Bruce Eberle,**  
VP Sr. Relationship Manager



# Evaluating Change

AFAN Cow Calf Symposium



Even Concrete Can Be Beautiful



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# Evaluating Change

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The CEO of Berkshire Hathaway, when asked once about the key to success, pointed to a stack of books and said,

***"Read 500 pages like this every day. That's how knowledge works. It builds up, like compound interest. All of you can do it, but I guarantee not many of you will do it."***

Tom Corley: [Rich Habits: The Daily Success Habits Of Wealthy Individuals](#)



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# Prepare Your Proposal

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Lenders are Regular Folks



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# Prepare Your Proposal

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## **Financial Projections:**

Keep It Direct and Results-Based

- Revenue
- Expenses
- Capital Spending Budget
- Owners Withdrawals
- Debt Payments
- Project Your Ending Balance Sheet
  - What will change this year?



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# Prepare Your Proposal

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## Construction Finance:

Goal is that you get what you want

- Progress Inspections and Advances
  - Lien Waivers
- 
- Is there another way? Possibly...



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# Negotiating With Your Lender

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*Be Clear: Avoid Conflicts in the Future*

- **Collateral**
  - Special Use / Single Use
  - Separate Parcel
  - Environmental Impact
  - Margin with cash or collateral?



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# Negotiating With Your Lender

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*Be Clear: Avoid Conflicts in the Future*

- **Loan Terms**
  - Expected Life = Loan Term
    - Too Long; depleted asset
    - Too Short; depleted cash
  - Payments Timed with Cash Flow
    - Interest Only Period?
  - Increased Payment Frequency =
    - Lower Interest Cost
    - Higher Interest Cost
  - Prepayment Terms



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# Negotiating With Your Lender

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*Be Clear: Avoid Conflicts in the Future*

- **Pricing**

- Variable Rates: When you have ability to adjust your cash flow
- Fixed Rates: When you need protection against rate risk
  - How long to fix rates?
    - Only as long as needed
    - Match Cash Flow Factors



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## THE FARMERS' MANUAL

AND

COMPLETE ACCOUNTANT;

NEW METHODS OF PENMANSHIP;

LAW WITHOUT A LAWYER;

BUSINESS FORMS AND BUSINESS LAWS.

A COMPLETE TREATISE ON

INSECTS INJURIOUS TO VEGETATION.

HOW TO BREED, HOW TO TRAIN, AND HOW TO DOCTOR HORSES;

HOW TO DOCTOR

CATTLE, HOGS, SHEEP AND POULTRY.

A COMPLETE SET OF BREEDERS' TABLES.

EDITED AND COMPILED BY

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Author of "THE BUSINESS GUIDE," "THE HOUSEHOLD GUIDE," "SEARCH LIGHTS," "SAFE CITIZENSHIP."

ASSISTED BY NOTED SPECIALISTS.

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# Negotiating With Your Lender

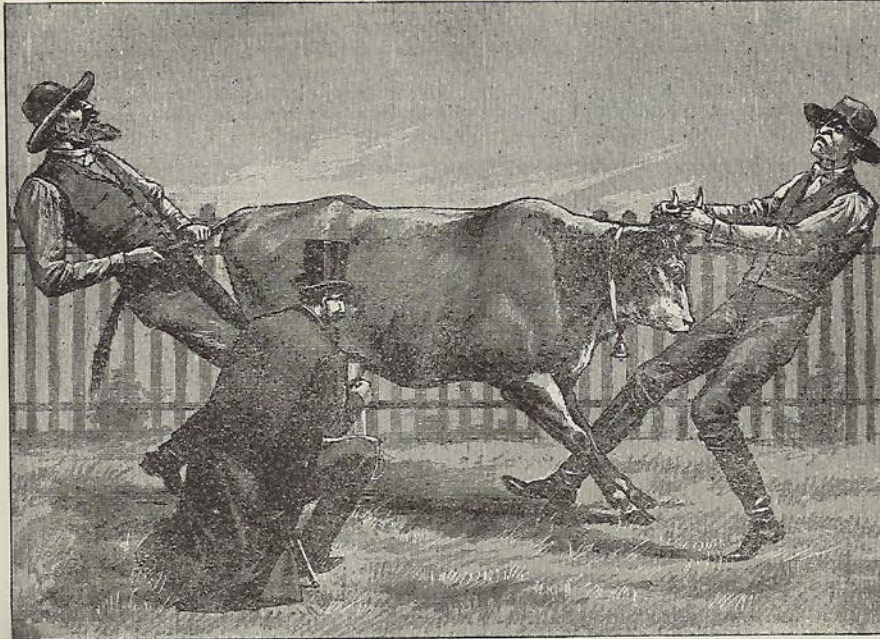
## AFAN Cow Calf Symposium

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MANUAL.]

LAW WITHOUT LAWYERS.—ARBITRATION.

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**A LAW-SUIT IN PROGRESS.**—This illustrates the Principles and Philosophy of a Law-suit. The two contestants are pulling with all their strength to gain the case, while the lawyer gets all the benefit that is in the trial. The contestants simply hold the cow while the lawyer does the milking.

**STOP AND THINK BEFORE YOU SUE YOUR NEIGHBOR.**

### ARBITRATION.—or, HOW TO SETTLE DIFFICULTIES WITHOUT GOING TO LAW.

1. **Litigation.**—It is always best for people to avoid and discourage litigation. Law-suits are an expensive luxury, even though the suit is won.

2. **Arbitration.**—When persons refer any matter or controversy to the decision of one or more disinterested persons, it is called arbitration. This act of referring it to other persons is called submission, and the person or persons to whom the matter is left are called arbitrators, and the decision made by them after due consideration is called an award.

3. **Form of Submission.**—Anything may be the subject of arbitration which is not criminal. Criminal acts cannot be settled by arbitration. The best way to settle difficulties between two parties is for each to ap-

point one disinterested person, and then the two thus selected appoint a third party, and the three then consider the statement of the contending parties and their witnesses, if any, and after hearing both sides of the case they then can decide upon the terms of an award.

4. **Conditions.**—A court of equity will not compel any person to carry out an agreement to submit the difficulty to arbitrators, but when the difficulty has been once submitted for settlement by mutual consent of both contending parties, the decision of the arbitrators will be held as good and binding, unless some fraud or mistake has entered into the decision.

5. **Compulsory Performance.**—If either party, after the terms of settlement have been announced by the ar-



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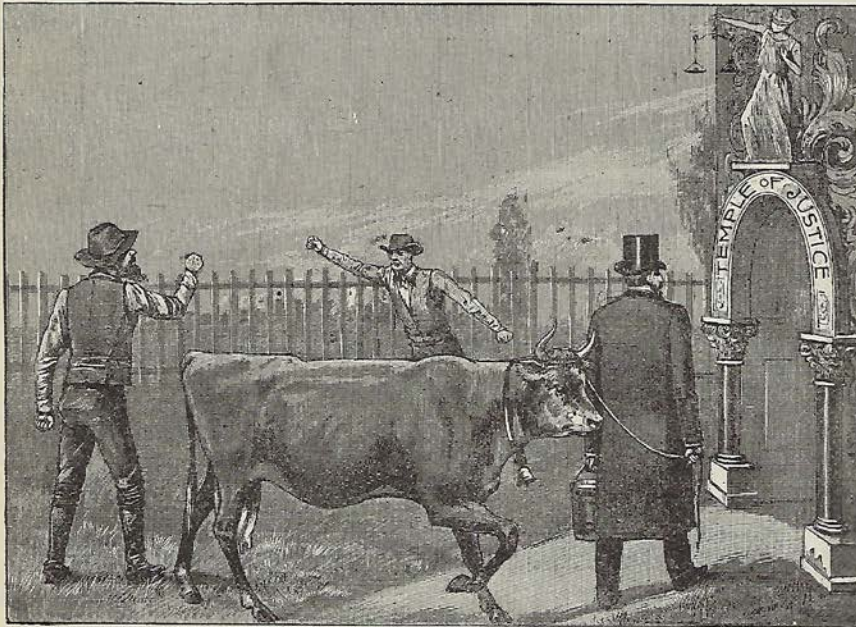
LEGAL RIGHTS AND WRONGS.

THE FARMER

bitrators, refuses to perform his part, then by law he can be made to carry out the conditions of the award or pay damages for non-performance; and the suit, if brought into court, must be on the non-performance, and not on the original claim. The original claim cannot be tried.

6. **Save Money.**—Do not go to law because you have a little difficulty with your neighbor. Make a proposi-

tion to him to leave it out to disinterested parties, and if he will not settle upon these terms, then you have no other redress but a court of justice. But very few men if they are approached properly, will refuse to leave the points of controversy to disinterested parties, and thereby much time and much money will be saved, and many hard feelings avoided.



AFTER THE LAW-SUIT—The lawyer takes both the cow and the milk, and leaves the two contestants to fight it out among themselves.

### LEGAL RIGHTS AND WRONGS.

1. **Judge Made Law.**—The decisions of our highest courts of final resort are evidences of the law, for there is no such thing as "judge made law." The courts cannot make the law; they simply expound what they find to be law.

2. **The Boast of the Law.**—It is the boast of the law that every wrong has its redress, and this redress is worked out through the agency of implied contracts. If

one construction of an implied contract would be frivolous and the other reasonable, the reasonable construction is the one the law would take. The general rule of law is, that no implied meaning will be given where an expressed one has been made.

3. **Gift of a Promissory Note.**—If a father were to give his promissory note for five hundred dollars to his son on account of his great affection and regard for the



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## *Making the Decision Right*

- *Trust your work*
- *Commitment*
  - *Starters vs. Finishers*
  - *Don't Lose the Lesson*
- *Expect Challenges*
  - *Victim vs. Ownership*



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# Closing Comments

## The Importance of Agriculture

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J. Sterling Morton 1905 Address to Nebraska State Board of Agriculture:

‘all wealth and true capital must arise from that great [foundation] of prosperity which underlies and supports the whole civilized world, and is called agricultural development’



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# Closing Comments

## The Importance of Agriculture

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- Agriculture holds a very special, very important role in American and global civilization.
- Opportunities exist today in agriculture. Opportunities just look different today than what you may have been doing for the past generation...or two
- Change is happening...at an increasing pace. Look beyond the farm gate and expand your network of contacts. Find your advantage in this exciting agriculture industry.



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# Thank You

Rabo AgriFinance; Financing Your Growing Ambition

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Rabobank is the world's largest ag bank, serving every major production region in the world.

Cooperatively owned and dedicated to the food industry, Rabobank provides opportunities to network, share knowledge and succeed in agriculture while enjoying industry-leading products delivered with global perspective and local expertise.

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