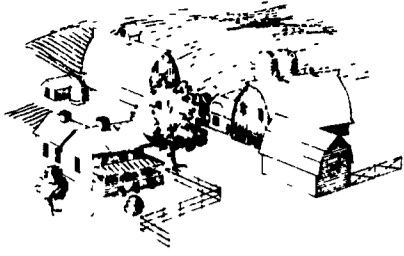


FARM



MANAGEMENT

GETTING THE MOST FROM YOUR BUSINESS PLAN

Russ Powell
Extension Agent
Business Management

For anyone considering a new business venture or expanding an existing business, a business plan is a must in today's financial environment.

However, as important as the document itself, it is equally important to get the most you can out of your business plan by knowing your lender, what is important to them, and how to best present the plan.

Get to Know Your Lender

Obtaining a loan for a credible business venture can be a relative-

ly simple process. However, you must understand how the lender or investor views the situation.

Often the individual that you are talking with will not be the only person involved in making the final decision about whether you get a loan. He or she may be required to submit your proposal to a credit department or loan committee for approval.

You must explain everything carefully and thoroughly because the loan officer may not know your business well enough to "sell" it to the committee making the decisions. Although some financial institutions have specialties, an individual lender cannot be an expert on everything.

It is up to you to educate the lender about your industry and business.

Create Confidence
Get to know local banks and the type of businesses they like to finance and then establish a credit history with the most suitable one. The better they know you, the better your chances are of getting a loan.

However, don't be afraid to shop around for the best terms. Remember, the bank maintains a credit file on you that tells your whole story. Ask your banker to explain what goes into a credit file. Records are kept of overdrafts and past due notes. Keep your name off of these lists.

You may also want to ask to see your industry's standards that are found in the Robert Morris studies that are published annually. This publication is the basis of your lender's analysis of the figures on your financial statements.

Bankers are interested in the "bottom line." Show how much money you have invested in your business and how much of a reserve you have within accounts at that bank. In effect, you want to prove that you are furnishing the money to the bank for them to lend.

Be prepared to personally guarantee your loan by pledging personal assets as collateral. If you are not willing to take the risk, why

should the banker?

Remember that bankers think in terms of "The Five C's of Credit":

- Character — You
- Capital — Your net worth
- Capacity — Earnings
- Conditions — What is going on?
- Collateral — What are you pledging?

Remember that your banker is human. Emotion must accompany the logic to convince the lender. As Aristotle said, "No appeal to logic is successful without appeal to emotion."

Presenting the Business Plan

Timing is important. Call to make an appointment and then send your written material for the banker to become familiar with. Prepare thoroughly for the presentation.

There are five questions that you should be able to answer within the

first two minutes of the meeting. How much do you want? How long do you want it for? What are you going to do with the money? How are you going to repay the loan? Alternate source of repayment if plan "A" goes wrong?

Be honest with the banker, even if it is bad news. Bankers are more influenced by what they don't like than by what they do like.

Explain how you plan to address your weaknesses or potential problems. Sooner or later, the banker will find out anyway and they will be much more impressed with a candid assessment of strengths and weaknesses than deception.

Arrive for the appointment on time, dress appropriately, and make a professional presentation. Remember, you are selling yourself and your business.

Call the Bucks County Extension Office at (215) 345-3283 to request a free business plan workbook and guide.

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September 21-24

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Special Features:

- ★ Supreme Champion Selection
Thursday, Sept. 24
- ★ Commercial Exhibits, Daily
- ★ Herdsman Buffet
Wednesday, Sept. 23 - 5 p.m.
- ★ Ayrshire, Brown Swiss and Holstein Breed Sales

SCHEDULE Of Shows, Sales and Contests

<p>Saturday, September 19 6:30 p.m. - Pennsylvania Dairy Princess Pageant, Sheraton Harrisburg East, Harrisburg</p> <p>Sunday, September 20 7:00 p.m. - Careers and Opportunities Night, Front Lobby at Maclay Street</p> <p>Monday, September 21 8:00 a.m. - Invitational Youth Dairy Cattle Judging Contest (4-H, FFA, and Collegiate) Small Arena 8:00 a.m. - Pennsylvania Junior Dairy Show 7:00 p.m. - Judging Contest Awards Banquet, Sheraton Harrisburg East 7:00 p.m. - Invitational Brown Swiss Sale, Small Arena</p> <p>Tuesday, September 22 9:00 a.m. - Eastern National Brown Swiss Show 9:00 a.m. - Eastern National Milking Shorthorn Show 10:00 a.m. - Junior Dairyman Contest, Second Floor, Main Building</p>	<p>Tuesday, September 22 10:00 a.m. - Pennsylvania 4-H and FFA Dairy Judging Forum, Small Arena 1:30 p.m. - Pennsylvania Elite Ayrshire Sale, Small Arena 7:00 p.m. - Exhibitor's Meeting, Small Arena</p> <p>Wednesday, September 23 9:00 a.m. - National Guernsey Show 9:00 a.m. - Eastern National Ayrshire Show 10:00 a.m. - 1992 Jersey Harvest Futurity, Small Arena 5:00 p.m. - Herdsman's Buffet, Small Arena 7:00 p.m. - Eastern National Holstein Sale, Small Arena</p> <p>Thursday, September 24 8:00 a.m. - Eastern National Holstein Show 8:00 a.m. - Mid-Atlantic Regional Jersey Show - Supreme Champion (selection immediately following Holstein Genetic Challenge classes)</p>
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Plan To Attend!

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