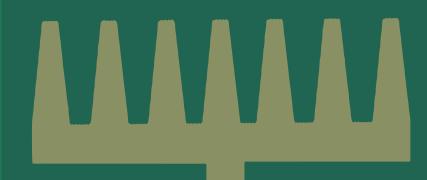


GROW YOUR AGRIBUSINESS

RUN A FARM LIKE A BUSINESS



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FAMILY-OWNED BUSINESSES

Farmers of the future are moving from single farming enterprises to multifaceted enterprises. This shift has resulted in new-age farmers identifying the need to adopt the principles of a commercialised business. Often many of these businesses are owned by family, with different generations of farmers living on the same land. They all have divergent personalities and some may not be interested in getting involved in the business. On the other hand, for family members who want to get involved, it's not always feasible to pay every family member a salary without considering whether or not that family member's skill is required.

CLIMATE

The success or failure of an agribusiness is directly linked to weather conditions. When dealing with livestock, adverse weather conditions such as storms, frost or drought can result in having to sell cattle and re-establishing a herd. Crop farmers may also invest heavily in crops that simply don't grow.

ADOPTION OF TECHNOLOGY

Smart technology has integrated the agricultural sector, driven by data, drones and automated machinery, and is the force behind innovation and competition. The success of a commercial business is influenced by technology, which is linked to productivity and increased efficiencies. However, for many farmers smart technology does not form part of their business strategies because of the capital outlay.

Farmers need access to finance to enhance their day-to-day operational activities.



ACCESS TO FINANCE

The pressure of having to address local food security adds to the stress of increasing production input costs. Farmers therefore need access to finance to enhance their day-to-day operational activities. The commercial finance application process is admin-intensive and requires collateral in the form of agricultural land or offtake agreements. These kinds of guarantees are not always available to farmers. Additionally, the financial history of an agribusiness is scrutinised by finance providers and any lag in profits over a three-year period counts as a discredit.

CHANGES IN CONSUMER TRENDS

In a challenging economic environment, consumer trends shape the way food is produced. People are also increasingly aware of animal welfare, inputs used in primary production and ingredients used in processing. These factors must be taken into consideration when farmers conduct their normal business operations.

RUN A FARM LIKE A BUSINESS

Through innovation and collaboration, the challenges mentioned above can be mitigated, enabling agribusinesses to flourish. With the right support and specialised expertise, there are opportunities that farmers can leverage off to make their businesses grow.

To speak to a designated agribusiness banker call 0860 555 333 or send an email to agriculture@nedbank.co.za.

REFERENCES:

Contact us to find out how our specialist teams can assist you.

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