



Alumni Spotlight

Laura Roessler

MAB Class of 2003
Assistant Vice President, Rabo AgriFinance
St. Louis, Missouri



by Cristina Mansfield

The Alumni Spotlight focuses on an MAB alum, and is written by Cristina Mansfield, a 2004 graduate.

Laura Roessler grew up in Central Illinois and studied Ag Economics at the University of Illinois, eventually joining GreenStone Farm Credit Services in Michigan as a credit analyst, underwriting and approving farm loans. She had long wanted to pursue her masters degree and it was after moving to Michigan that she found the K-State online Master of Agribusiness program. To prospective and enrolled students Laura reveals, "I did some of my hardest work in the program. It was absolutely worth it. I feel that I am part of a network."

Since graduation, Laura served on the MAB Advisory Board for almost two years. Alumni participation on the Board allows the program to gain perspective from members of the industry who have also completed the program. Laura provided MAB staff with thoughtful, insightful comments and input and her presence on the Board was much appreciated.

Laura's thesis examined the assessment of risk in borrowers, which - if improved - would reduce the use of capital and lower loan

Completing the MAB program says a lot to employers about dedication. They know it takes a lot to study while working and caring for family.

processing costs for lenders. Standard risk assessments use three to four financial ratios to measure the likelihood of producer default, including working capital (measured here by current ratio), solvency (measured by owner equity),

cash flow (measured by capital debt repayment capacity or CDRC) and loan to value.

In fact, only the first three variables listed above proved to be significant. Additionally, while lenders usually assume that cash flow is the most important predictor of default, Laura found that balance sheet strength (solvency) is more strongly correlated with defaults. Whereas historically ratings were applied more or less on judgment, (e.g. 'the ratios look good, the person has a good reputation and has never defaulted, so we will give them xx rating') studies such as Laura's allow assessors to generate a rating system for loans based on the probability default as determined by these three ratios. Her thesis was published as a journal article in the Spring 2006 Issue of the *Review of Agricultural Economics*.

By the time she completed the program, Laura was working in the Capital Market Department, underwriting very large loans often between \$10 and \$20 million. Today, she is an Assistant Vice President / Sr. Financial Analyst for Rabo AgriFinance, a U.S. subsidiary of the Dutch banking cooperative Rabobank, founded in the 1890s. On a day-to-day basis, Laura analyzes and reviews large real estate, operating, and equipment loans for agricultural producers.

Rabobank is the Dutch equivalent of Farm Credit - made up of a core group of customer-owned cooperatives - but unlike Farm Credit, Rabobank does not receive government backing. Rabobank is a full-tax paying entity in the U.S. and everywhere it operates

globally. For its first 20 years in the U.S. Rabobank focused on financing food and agribusiness companies, but in the last few years the bank has entered retail banking and agricultural production lending, building the business through acquisitions and organic growth. (Rabobank's most visible move in the retail ag lending sector was, for many, its offer to buy Farm Credit Services of America in late 2004.) Today, Rabobank's 40-branch retail banking network serves agricultural growers, businesses and communities in California; Rabo AgriFinance, the ag lender, provides "one stop shopping" for U.S. farmers and ranchers from over 70 locations nationwide. The bank currently has \$20 billion in commitments to U.S. agriculture, and finances all sectors and segments of the food and agriculture industry.



Rabobank

In addition to her regular work, Laura participates in the National FFA Organization's New Century Farmer Program sponsored by



Pioneer and Rabobank. This intensive five-day seminar for 19-23 year-olds working in production agriculture provides opportunities for sharing and sessions on topics ranging from global marketplace to farm financing, from demographic trends to risk management. As part of the program, Laura has taught business plan development and exemplifies how MAB alum can make their degrees applicable to the next generation.

According to Laura, successful farmers are becoming more sophisticated, globally-thinking businessmen every day. In the past, they did all their banking with their local bank president, someone they knew well and trusted. Today, they are becoming just as competitive as any other business. They are looking for better interest rates and access to the most money for the least amount of collateral. They are increasingly taking advantage of discounts and will order their supplies from the internet if they can get a better deal. They are also looking for lenders who understand the cyclicity and unique characteristics of the ag sector, and who commit to the long lending terms that agriculture requires. Rabobank's approach meets all these criteria, so it is a good fit.

What is the key to success? Laura suggests examining every opportunity that comes across your desk and keeping an open mind: "When we hire new people, I advise them to focus on the company as a whole and not just on the job. Don't take things at face value and always ask the question, 'why?' Not only do you learn about your company and things that may help you get ahead, but also if you are new to the company, you bring in a fresh perspective and may provide valuable insight."

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As a recent first-time mother, how does Laura manage all the details of her life? "My employer has been very supportive of my efforts to manage a career and family by allowing me to work part-time or from home. You have to decide that in the end what you are doing [working away from home] is what is best for you and your family otherwise you will second-guess yourself every day."