

CAMPARI Framework

How Lenders Access Your
Loan Request



CAMPARI

The **CAMPARI model** is widely used as an assessment framework by lenders when businesses apply for lending.

It acts as a 'check list' to ensure the loan requirements have been fully considered.

CAMPARI

Character

Ability

Means

Purpose

Amount

Repayment

Insurance

Character

Lenders must have confidence in you.

Providing a loan facility is a gamble.

Do you have a good track record of borrowing?

Can you be trusted to repay the loan?

You will need to show evidence of a good trading history and the ability to provide quality services while making a profit.

Considerations: your financial history, credit report (personally and as a business), background and experience, business premises, current assets, your age versus the length of the loan.

Ability

Your capability to successfully run your business.

Provide the lender with some tangible examples of past achievements, they need to 'buy in' to your vision for the business. Demonstrate a complete understanding of your market and complete a SWOT analysis to evidence your level of thinking.

Considerations: direct sector experience, relevant qualifications, this includes your team, operational structure, business history and succession plan.

Means / Margin

Your ability to service the loan.

Providing a loan facility is a gamble.
The more confidence there is in your ability to deliver,
the greater your chances of success.

You will need to show evidence of a good trading history and
the ability to provide quality services while making a profit.

Considerations: make your plan logical. A poorly conceived or hard to
understand plan will significantly reduce your chances of success.

Purpose

Clearly show why you need the money.

Is the money being used to develop the business. Can you prove why you need it. This must be clearly explained within your business plan.

Whatever the reason for the loan, you need to show that it's a good reason, and one that will generate a return.

Considerations: nature of your business and the sector in which you operate.
The purpose must be legal, ethical and relevant.

Amount

Exactly how much do you need.

You need to justify the loan amount and outline what you are contributing. You'll need to show that it is sufficient for your needs. Don't ask for too much.

Your financial projections must seem reasonable. You need to show precisely how the money will be spent. This is more than outlining the purpose of the loan. You need to explain how you've arrived at the figure you're requesting.

Considerations: cashflow and 'profit and loss' forecasts are essential. Provide a fully costed breakdown with contingency.

Repayment

How and when will this be repaid.

Lenders must be confident you'll meet repayment terms, or your application will get rejected.

Do you have a history of loan repayments. Have you been profitable in the past and are you forecasting to be in the future.

Be prepared to show previous accounts and management reports. Cashflow forecasts will be essential. Don't exaggerate forecasts or profit margins.

Considerations: is the source of repayment clear, is the period of the loan acceptable, what other recourse does the lender have if the business fails.
Don't forget the potential risk if your loan is secured.

Insurance

The level of risk to the lender.

What is the nature, type and value of the security you are offering to the lender.

Be prepared for the lender to take a charge over property or ask for personal guarantees. Lenders will always want to remove any level of risk.

Considerations: do you have an up to date valuation of assets?

CAMPARI & ICE

Interest:

Interest rate, repayment structure, length of the loan.

Commission:

Arrangement fee typically based on % of loan amount.

Extras:

e.g. buildings, contents, public liability, key man insurance, health and safety. All the policies needed to ensure you and the lender are adequately protected. Make sure all of these costs are identified in your businesses plan.

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Support from VFD Pro



Profitability Analysis
Quickly identify drivers of a business' profit, allowing you to maximise opportunities and mitigate risks.



Automated Forecasting
Evaluate current trading performance and create a forecast for the next 12 months.



Simple User Interface
No training required. Analyse your business performance at the click of a button.



Automated Data Refresh
Your data will be automatically refreshed and kept completely up to date for a true one-time setup.



Business Intelligence Module
Business intelligence module allows you to create bespoke analysis for each client.



Monthly Analytical Reports
Effortlessly distribute insightful monthly performance analysis to your clients at the click of a button.



Opportunity Identification
Unique algorithms combine financial expertise to automatically identify opportunities.



Benchmark Business Performance
Benchmarking against your other clients and external benchmarking against similar profile businesses.

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NEED FURTHER SUPPORT?

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