

# 3 things borrowers can do (today) to improve lender conflict

Financing relationships don't typically begin with the expectation of conflict. Nevertheless, situations can and do arise that create challenges between borrowers and their lenders. While the preceding drivers may be external or out of borrowers' control, there are actions that can be taken today to improve lender dynamics and create a path to resolution.

## 1. Evaluate your peers

By evaluating your peers' performance and actions, you arm yourself with market context and expectations for your business.

- Assess broader industry performance by reviewing 4-5 publicly traded peers' financials; review earnings call transcripts for color on what peers are experiencing and how they're responding
- Benchmark your performance versus peers and identify areas of variance - consider what's responsible for the variance, including things an outsider may not fully appreciate
- Review peers' recent financing announcements for changes or updates. Particularly when challenges are broad-based, financing resolutions affected by peers can be informative

## 2. Forecast your recovery path

By charting your path to recovery, and ultimately resolution, you stay ahead of execution speedbumps and reduce uncertainty.

- Lay out an action timeline and the steps that will take place between today and resolution. Start everything two to three months ahead of schedule – the solution set looks different when you're late vs. when you're early
- Forecast what financials will look like between now and then. It's helpful to track a schedule of one-time items to show the work you're doing as well as its impact on earnings

## 3. Increase lender communications

By increasing communication with your lender, you create space and opportunity for new or previously unknown solutions.

- Create lender-specific deliverables to be shared on a recurring basis; sharing the right information at the right time can have a meaningful impact on outcomes
- Schedule regular check-ins so there is no room for minds to wander (wonder). No news = bad news. And be mindful of word choice – think about what you would want / not want to hear from a friend who borrowed money from you

## Summary

Two identical companies going through the same challenges can achieve different financing outcomes based on how they handle the things within their control. Lender conflict can be stressful and take away from leadership's time and focus (likely when needed most). Even when the situation feels out of your control, there are steps every borrower can take to improve lender conflict and accelerate positive resolution.

**Looking for assistance developing a game plan? Schedule a consultation.**

**Schedule**

EMB Advisory helps borrowers develop and execute credit resolution plans that remove uncertainty and allow leadership to spend more time attending to their business. We utilize our debt capital markets experience to create long-term financing solutions that resolve challenges and stay ahead of future needs.

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