Commercial
Insights
STRATEGIES AND EXPERTISE FOR YOUR COMPANY

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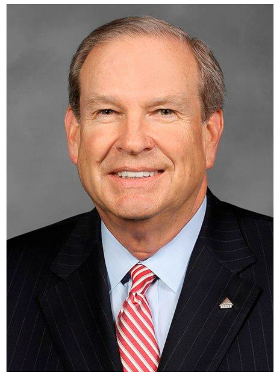
REGIONS

THE TRANSFORMERS

5 Trends Sure to Affect Your Business

Welcome



As a business owner, you're responsible for more than just the products you make or the customers you serve. Like it or not, those responsibilities extend to a multitude of factors involving technological breakthroughs and the business climate as a whole. As you know, many of these are completely out of your control.

So how do you cope? One way is to be prepared. This issue of Regions *Commercial Insights* has been created to help you do just that. In "The Transformers" (page 6), we identify, explain and dig into the significance of major challenges and opportunities that will soon impact your day-to-day operations.

Many of the changes explored in this piece stem from technology, and we take on one of them in "How to Protect Against Cyber Threats" (page 3). Others have to do with the broader economic environment, and they receive special attention in "Inflation Is on the Way!" (page 10), as well as in "Hiring in a Tight Labor Market" (page 4).

As always, we're sensitive to the fact that businesses change as they enter different stages of development, and have included specialized guidance in "5 Questions You Need to Ask Before Raising Capital" (page 1), and "Are You Ready to Acquire?" (page 12).

When you run a business, every day brings fresh transformations. We hope this issue will show that regardless of the business you're in, we are here to help you explore and find solutions that fit this ever-changing environment.

William E. Horton
Senior Executive Vice President
Head of Commercial Banking
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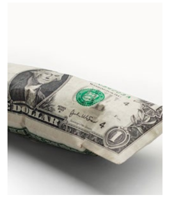
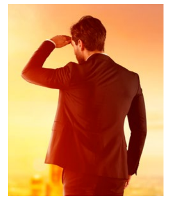

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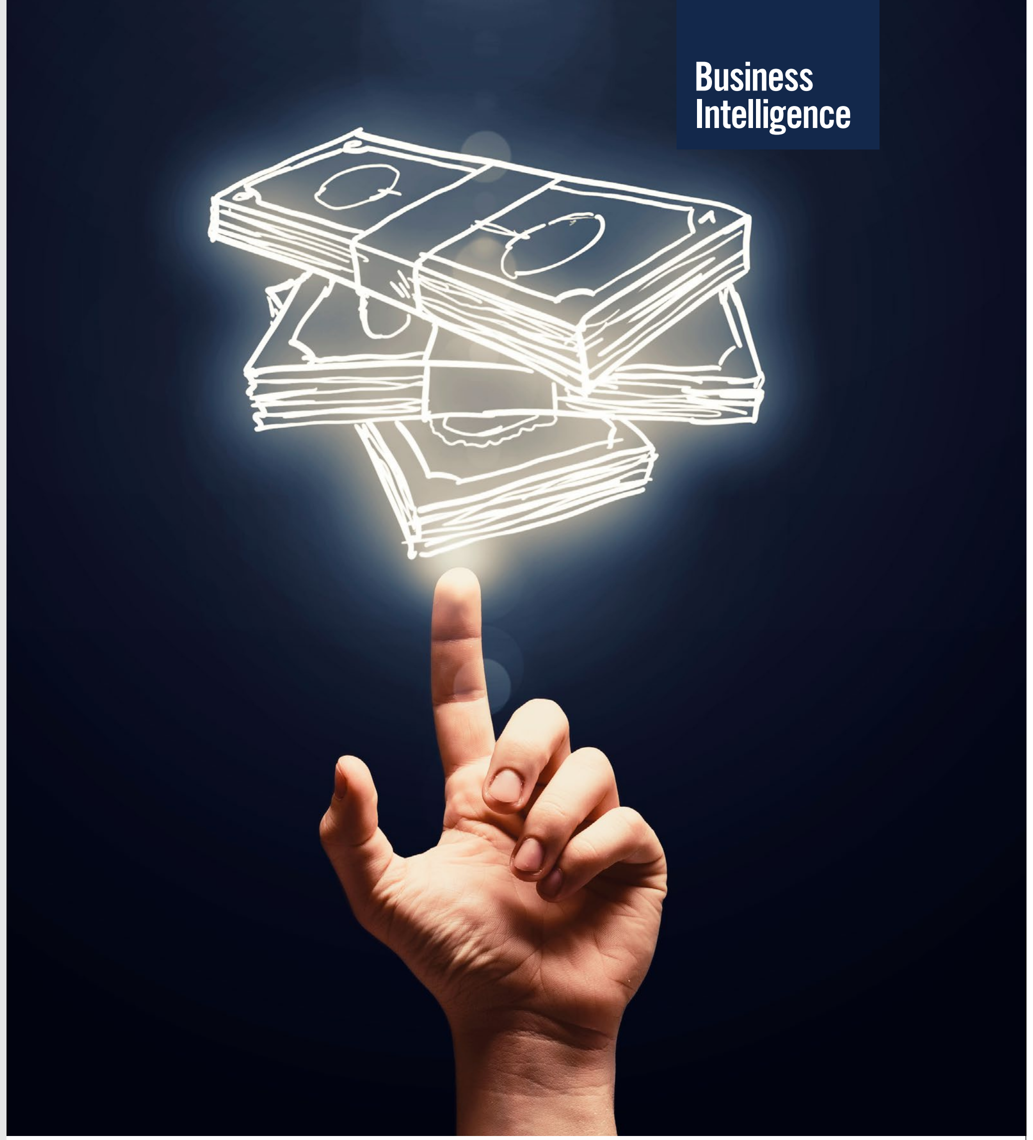

SHUTTERSTOCK

5 Questions You Need to Ask Before Raising Capital

Ensure you're getting the right capital type, amount and lender for your operation.

Whether it's for growth, an acquisition or a new initiative, raising capital for the first time is a signature moment for any business.

How can you best approach raising capital? Ask yourself these questions before you get started:

1. Do I need strategic guidance along with capital?

Your primary focus during fundraising should be on acquiring the right amount of capital at the best available rate, but you must evaluate what different investors bring to the table. Venture capital and private equity firms, for example, might be able to connect you with management talent. Banks might help you locate attractive acquisition targets, position your company for an eventual sale, or identify supplemental financing options.

2. What's my risk tolerance?

Know how much risk you can tolerate. "You have to make sure your rationale for raising capital matches your overall strategy, and that the leverage that you're taking on falls within management's comfort zone and the company's ability to service the debt," says Tim Monte, Executive Vice President and Head of Regions Debt Products Organization.

While every company wants the lowest possible cost for financing, your company may opt for more flexible payment terms in exchange for a higher cost. "It's useful to prioritize whether you're looking for the cheapest form of financing, the longest-term financing that's available or the most flexible financing—because typically, you don't line up all three of these at once," says Monte.

3. How much do I need—and when?

If you're funding an expansion or a new initiative, you'll need to determine how much you'll need and when you'll need it. Macroeconomic factors such as federal Treasury rates and market performance can influence timing for large publicly held enterprises. For private and smaller companies, raising capital may have more to do with the health of the balance sheet.

"For companies eyeing an acquisition," Monte says, "if you're going outside of your comfort zone in terms of leverage, then figure out how quickly your cash flow will get you back within that comfort zone."

4. Debt or equity financing?

Adding debt tends to come with near-term pressure to make interest payments. Equity capital is usually more flexible. But when you grant equity, you dilute the value and influence of your current ownership shares, which can affect the value of your company. This choice often comes down to whether you can afford to make regular repayments.

5. How will different types of investors see my business?

Banks favor stable, profitable businesses for debt financing, but venture capitalists care mostly about your growth potential. It's crucial to understand how and why different types of investors and lenders are likely to view your company favorably.

Any prospective capital partner will take a long look at your leadership team before writing a check. "If your management team doesn't have a real vision for where they're going to take the company, that's a huge red flag," Monte says. ▲