



DOES YOUR FINANCING ENABLE YOUR COMPANY GOALS?

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Successful capital planning starts with setting your business strategy and then pursuing the right financing to drive those objectives. While this may sound fundamental, too many companies settle for the capital arrangement they have, rather than the structure they need with flexibility to best support future growth. The availability, structure and cost of capital sources varies and should all align with your company's plans. For instance, a company focused on growth through acquisition has specific and different needs from an organization intent on growing organically, improving operational efficiency or restructuring.

Research from Deloitte finds that close to half of corporate strategy officers are recasting their growth strategies including Mergers and Acquisitions (M&A) and operating models. Changes of this scale need the right capital support. And, as many companies learned in the last year, regardless of strategic plans, all organizations benefit from having a tailored financing plan in place to maintain momentum during economic disruptions.

Credit conditions may also support a refreshed examination of a company's financing since lenders may be more eager to deploy capital in an accelerating economy. The following considerations will help you determine if your financing provides the support you need.

Do You Have the Financial Flexibility Required to Reach Management's Goals:

Flexible, customized financing that's aligned with business strategy can help companies grow and compete better in today's rapidly changing business climate.

1

Has your company financial profile materially changed since you last addressed your financing?

2

What is your company's growth strategy—organic, acquisition or other?

3

What are the objectives of your shareholders and equity owners?

4

What is your company doing to increase profitability and efficiency?

Financing Solutions Should Keep Pace with Priorities

The financing you have in place now may not be the optimal structure to support your priorities. If your imperatives or plans have shifted, your financing needs to be evaluated for flexibility and fit.

For example, a life sciences firm secured a leveraged loan to complete an acquisition. Although that debt was relatively expensive compared to a bank loan and included various covenants that restricted the company's financial flexibility, it was the financing that best aligned with its strategy at that time.

As they paid off debt and restructured, their financial profile improved. Simultaneously, the lending market became more aggressive. Working with the company, their bank seized this opportunity and switched to a syndicated bank loan with lower costs and more flexibility to match its current business goals.

Alternative Financing Solutions May Provide the Best Fit

A capital strategy should be mapped out to cover your long-term plans, projecting at least 24 months out or beyond. As you seek capital to cover company needs over a longer time horizon, think beyond traditional financing. Your capital strategy may extend to other debt or equity capital solutions.

Consider a fast-growing electronic components distributor. Because of the company's industry and scale, its legacy financing could not keep pace with the investments necessary for its business expansion strategy.

A traditional commercial cash-flow loan was in place with flexible terms and good pricing, but management realized that by turning to an asset-based loan it could borrow more against its inventory to increase leverage and gain access to more capital.

The Right Partner Helps Find the Best Financing

An experienced and connected partner can help your company identify and secure the financial support you need. One of the greatest barriers to a company securing the right financing can be a reluctance to switch from a current financing partner. Often times, multi-year legacy finance providers do not have the experience or resources necessary to devise, structure and secure the optimal capital support.

A company needs a lender that can act as a true advisor, willing to present all available options and clarify the pros and cons of each.

A true partner will also help manage the balancing act between how much a business is borrowing, the cost of that capital, the flexibility of the terms and other company-specific factors. A good partner may even ultimately recommend something that isn't one of their products, if it is what best suits your needs.

Know Your Financing Options

Commercial financing solutions vary and a good partner can help you plan for, identify, and secure the right funding from the spectrum of available capital options including:

ASSET-BASED LENDING (ABL)	Short- and long-term financing based on company assets and cash flow can support rapid growth, inconsistent earnings, M&A seasonal or cyclical revenue variations and other capital needs with potentially less restrictive covenant packages than traditional commercial loans.
CAPITAL CALL LENDING	Short- and long-term funding support for private equity firms takes many forms, based on the specific needs of private equity funds. These can include short- or medium-term capital call bridge loans or structured capital call loans to support working capital for a PE firm or its portfolio companies
COMMERCIAL LENDING	Short-term revolving financing or longer-term support can fund a variety of organizational needs, including working capital for payroll and inventory, expansion and organizational improvements. The structure, fees and repayment can be crafted to support company plans.
COMMERCIAL REAL ESTATE FINANCING	Businesses can receive customized funding for acquiring new properties or refinancing an existing portfolio. Options can differ based on variables such as vertical market, current economic conditions and the specifics of the project.
DEBT AND EQUITY CAPITAL MARKETS	Creative funding support to provide access to capital markets, leveraged finance and loan syndication and other options based on company needs. On the debt side this may be refinancing support, acquisition financing, dividend recapitalization, leverage buyouts or restructuring. Equity support can help with convertibles, initial public offerings (IPOs), share buybacks and other support.
EQUIPMENT FINANCING AND LEASING	To finance large equipment needs, a banking partner can provide opportunities to diversify a company's network of funding sources—including non-bank investors. Syndication of capital can diversify the capital providers to meet size and complexity needs.
GLOBAL TRADE FINANCE	Organizations operating globally can gain support via foreign currency loans, supply chain financing and expertise for managing exchange rates and foreign currency and important trade documentation.
LEVERAGED FINANCE	Company assets may be leveraged to secure competitive rates on the financing for acquisitions, leveraged buyouts, recapitalizations and refinancing. Options may include pro rata loans, institutional term loans, senior and subordinated debt and hybrid loans.
INDUSTRY-SPECIFIC FINANCING	Some organizations may benefit from financing tailored to sector nuances. A banking partner can help secure solutions to scale up operations, optimize liquidity and control operating costs.



Jerry Sargent's background spans across commercial banking including leadership roles for mid-corporate, middle market and not-for-profit segments.

In addition to being the Northeast Regional Executive, he also leads Citizens' state president organization and co-chaired Citizens' outside board of advisors.



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