Commercial Insights

STRATEGIES AND EXPERTISE FOR YOUR COMPANY

Winter 2017

REGIONS

READY, SET, GROW

Expand organically?
Move into international markets?
Invest in employees?
Insight to help your business grow

Welcome

As someone who runs a business, you know that where your company is now matters less than where it will be in the next month, year or decade. Meeting your projections for the kind of growth you envision usually means embracing change on many levels, including adopting mushrooming technology to improve productivity, harnessing Big Data to make essential decisions about everything from treasury management to marketing, and fostering innovation to propel new products or services.

But change also brings fresh challenges, and in this inaugural issue of *Commercial Insights* magazine, we call upon professionals inside and outside of Regions to help you understand and respond to the issues your company faces every day. "Build a Cybersecurity Fortress" describes effective steps you and your employees can take to protect your company's—and your customers'—data, while "A Time to Sell?" looks at the complex factors that can affect the timing of such a landmark decision. "Ready, Set, Grow" offers ideas for company expansion, and "Smart Growth: More Than Dollars and Cents" takes you inside one company's planned acquisition. Other stories consider legacy planning and what your veteran employees may learn from your newest employees.

We want this new magazine to serve you, just as our knowledgeable and experienced Commercial Bankers do—as a valuable, trusted resource dedicated to understanding your business and offering actionable insights to help you meet challenges. We hope you find that *Commercial Insights* lives up to its name.

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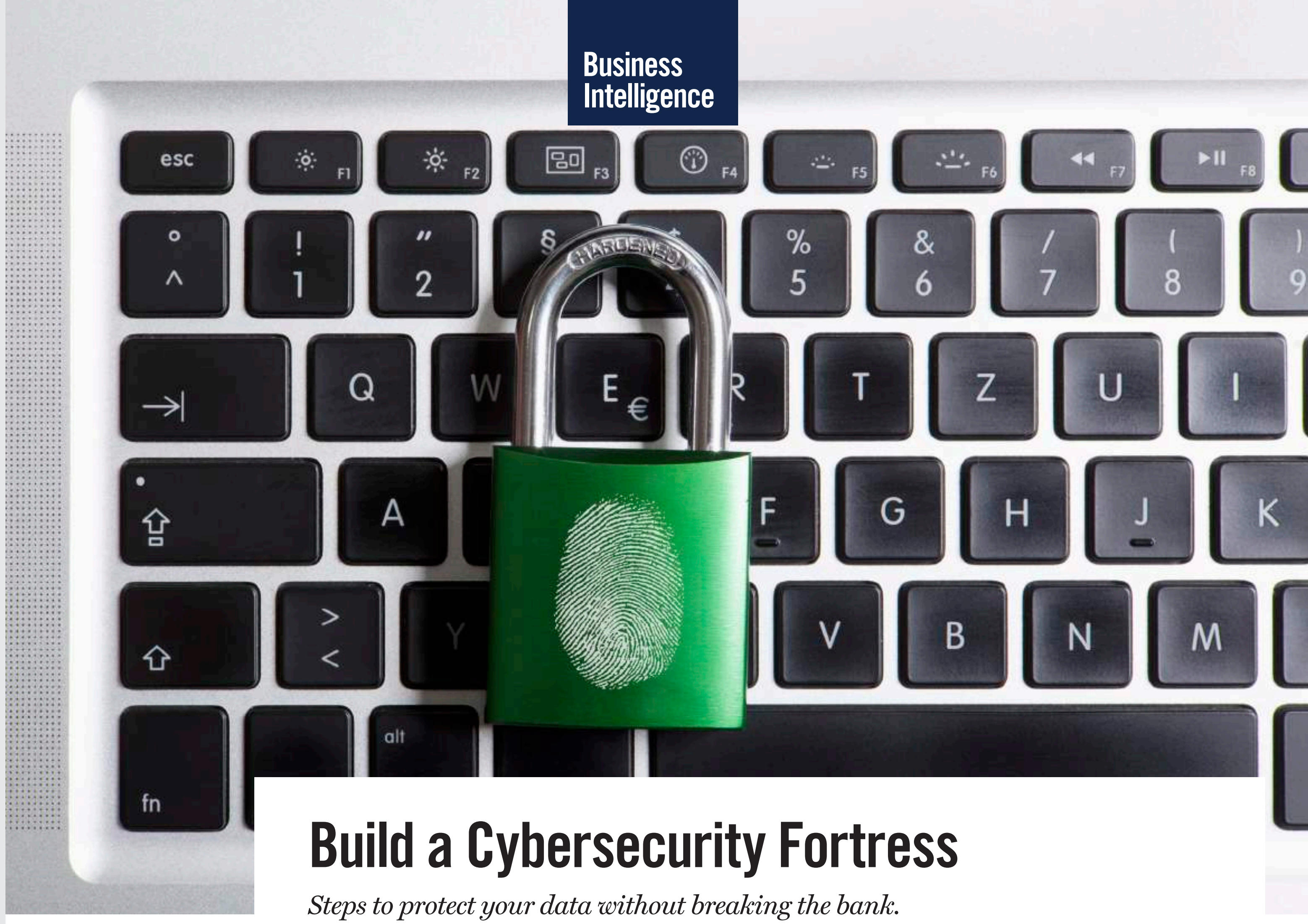

Build a Cybersecurity Fortress

Steps to protect your data without breaking the bank.

86%
of midsize companies suffered at least one cyberattack in the past 12 months.
Source: PwC 2016 Global State of Information Security Survey

Midsize companies may not have millions to combat cybercrime, but they can defend themselves with four layered lines of defense, according to Scott Schober, author of *Hacked Again* and CEO of Berkeley Varitronics Systems.

1 People Technology can't protect data if employees aren't savvy about threats. "I'm amazed at just how pervasive issues such as weak passwords are, even in sophisticated organizations," Schober says. Training should include not only how to create strong passwords, but also best practices for handling sensitive data and how to recognize hacking techniques, such as phishing.

2 Policy Company policy should reinforce training and education. These policies might address safe handling of data, who has access to certain data and whether employees may use personal devices for company business. Technology can help support these policies, including requiring appropriately complex passwords and multifactor authentication.

3 Technology Companies should have antivirus and anti-malware software but also understand their limitations. "By some estimates, antivirus programs detect as little as 5% of malicious code," Schober says. Encryption can provide an additional level of protection. Also pay attention to data storage, which is increasingly cloud-based. While many security experts feel that these solutions can provide smaller organizations with enterprise-level protection, others have concerns about storing data where control is limited. If you do store your data in the cloud, Schober cautions, don't assume every vendor is the same. "Ask questions, such as 'Is the data encrypted? How often is it backed up?'" he offers. Technology solutions should also account for a comprehensive backup program.

4 Planning A cybersecurity plan should include a capable team composed of technical experts, as well as professionals with expertise in communications, legal issues and risk management. Your plan may also include a cybersecurity insurance policy, which can limit the financial impact of certain incidents, and an independent vulnerability assessment.

In the end, there is no magic bullet to preventing cybercrime. "Nothing is 100% foolproof," Schober cautions, but he adds, "You don't have to spend millions of dollars to stay safe. It's more a matter of developing a security culture mindset." ▲

A Secret Business Resource

Cross-generational mentoring may help companies boost knowledge, performance and potential.

When you're running a company it's essential to get the greatest productivity from each employee. Mentoring creates a culture of learning and support that promotes individual professional development and organization-wide strength. Traditionally, veteran employees have mentored entry-level colleagues, but that model is evolving to mentoring across generations, whereby all employees learn from one another.

With this approach, it's important to avoid limiting what you expect of employees. For example, it's a mistake to see less-experienced team members as helpful in understanding new technologies or social media but unlikely to contribute to larger operational challenges. "Focus on the intelligence and wisdom that everyone brings to the table," says Ann Tardy, Chief People Officer at LifeMoxie Mentoring and author of *Moxie for Managers: The Secret to Evolving From Manager to Leader.*

The goal is to "foster a developmental culture," says Wendy Murphy, a management professor at Babson College and co-author, with Kathy Kram, of *Strategic Relationships at Work: Creating Your Circle of Mentors, Sponsors, and Peers for Success in Business and Life.* "Opening dialogues and conversations between people who don't normally have access to one another increases social capital in an organization."

RECENT GRADUATES are an often overlooked resource.

In addition to one-on-one relationships, mentoring may involve committees, workout teams and taskforces. "Invite people from different levels or generations to have this conversation," Tardy says. "You're communicating that your opinion is important. We're solving problems together."

One frequently overlooked resource is recent graduates. "People who entered the field recently may bring new information and resources to the table," Murphy says. Their input can add to the business intelligence necessary to pursue emerging opportunities and sustain a competitive edge.

By taking this approach, you foster an environment in which employees feel encouraged to seek and share advice, insights and experiences. "Everyone talks about engagement," Tardy says. "I think the best way to get engagement is to start involving people. The more you involve them, the more they will feel engaged and really like their jobs." The result is a more capable and better-informed workforce that's invested not just in individual development and advancement but in achieving the organization's full potential. ▲

The Power of Resilience

Throughout the many turbulent periods in U.S. history, Americans have demonstrated again and again an ability to emerge from challenges stronger than ever. That resilience is central to our heritage, says noted historian and author John Steele Gordon. This quality has never been more important than it is now. During a time of economic and global geopolitical uncertainty, experts have been studying resilience as a human trait, and major U.S. cities are hiring chief resilience officers to address social and environmental challenges.

Finding ways to bounce back is just as important for people as it is for cities. Whether it's keeping your business strong as you weather market turbulence, saving enough cash for emergencies or building a durable portfolio based on your long-term goals, preparation is key to success. So is finding solid guidance. Regions Commercial Bankers and your Wealth Advisor can help with strategies for protecting and diversifying your assets as you plan for the future.

See our companion edition of Private Wealth Insights *magazine for ideas on how to stay resilient, whatever obstacles life throws your way. www.regions.com/insightsmag*

THOMAS BARWICK/GETTY IMAGES; (OPPOSITE PAGE) BENOITB/GETTY IMAGES

Protect Your Business

Key risk indicators designed just for your company can help protect it against looming issues.

Managing risks in your business already involves looking for real and present dangers, but what about the risks that may be lurking ahead? Being able to peer into the future could help you see—and react to—coming risks and opportunities as they develop. Key risk indicators (KRIs) are customized metrics your company can develop to help anticipate potentially dangerous trends. A potential KRI could be customer-service volume, with an uptick in calls that exceeds a pre-established threshold possibly indicating a looming problem. Here's what you need to understand to develop actionable KRIs.

KRIs are forward-looking. "The most important thing to understand about KRIs is that they are leading indicators of potential risk," says Chad Webb, head of Enterprise and Operational Risk at Regions Bank. This is in contrast to key performance indicators (KPIs), which are designed to measure how well something was done in the past. "KPIs are generally historical in nature, and while they may be useful for assessing risk, they are not designed to be leading indicators of risk," he notes.

KRIs are based on strategy. "To develop the most effective KRIs, you need to understand the strategic goals and objectives of the company," Webb asserts. "You must also understand the top risks affecting the company's ability to achieve those goals and objectives. An understanding of historical performance trends is also critical in establishing effective KRIs."

KRIs are measurable. KRIs take emotion out of the equation. By establishing quantitative metrics and setting thresholds for action, senior managers can respond to risks appropriately as they arise, rather than over- or under-reacting based on gut feelings. KRIs should be based on readily available data. "On the outset of developing a KRI program, a company should consider internal and external data availability and limitations, staffing implications, and system requirements necessary to keep track of oftentimes voluminous data," Webb says. "Management should review the metrics currently being used to monitor risk and performance as well as the policy limits that would trigger corrective action."

KRIs are actionable. Finally, it is crucial that your company has an action plan should a KRI reach or exceed established tolerances. This empowers managers and employees to recognize and mitigate risk. "KRIs are central to promoting a sense of ownership and awareness of risk within an organization," Webb says, adding that identifying new and emerging risks, reporting to senior management and the board of directors, and improving overall performance are just a few key roles that KRIs play in managing risk throughout the organization.

While it may be impossible to predict exactly what the future holds for your company, creating KRIs that can tip you off about developing issues could give you insight into what might happen, helping you reduce risk and see unexpected opportunities. ▲

The Benefits of Philanthropy

A philanthropic strategy that involves your employees may help you attract and retain the best team. More and more companies say that employee engagement is a crucial part of their philanthropy. According to a 2015 study by America's Charities…

86% of companies say their employees expect them to offer the chance to engage with the community

60% of companies offer paid time off for employees to volunteer

28% of companies (5,000 or fewer employees) offer matching programs for employee contributions

88% say giving programs that engage employees help them attract and retain talent

Source: America's Charities, *Snapshot 2015—The New Corporate DNA: Where Employee Engagement and Social Impact Converge*

Business Strategy

BRIAN STAUFFER/ISPOT

A Time to Sell?

Many factors shape the decision to sell a midsize company. Weighing these considerations can help.

From personal considerations to the economic climate, many factors go into the decision to sell a midsize company. Think of these issues as concentric circles with you in the center and radiating outward to your company, your industry and the market at large.

Each will influence the timing of a sale, and you need to weigh them all. But this is not a decision that should be made solo, says Robert Tyndall, Managing Director in the Corporate Finance Group at Regions Bank. You'll need a group of experts that may include an accountant, attorney, Wealth Advisor, mergers and acquisitions (M&A) advisor and members of your management team to help you answer essential questions before you pull the trigger.

Are you ready?

A privately owned company represents a lifetime of work. You need to consider how selling it will jibe with your career or retirement goals, and how a sale will affect your family, partners and employees.

"It's not only a business decision, but also an emotional decision," says Hal Levinson, a senior partner who specializes in M&A at Charlotte, North Carolina–based law firm Moore & Van Allen.

Your Wealth Advisor can help with this soul-searching. "We ask open-ended questions and get business owners talking about themselves, their family, key employees and the dynamics involved," says Jeff Winick, Senior Wealth Strategist at Regions Private Wealth Management. "What are their values? What's important to them?"

Next, Winick models various scenarios to gauge financial ramifications. "Modeling gives people the confidence that they can retire," he says. "Sometimes you can show that they have enough independent financial resources that they don't have to worry about getting top dollar for the company."

Timing will also affect the structure of any deal. An owner who needs immediate liquidity, for instance, may opt for a leveraged recapitalization or accept a minority equity investment from a private equity fund. "Owners can have some liquidity while continuing to do what they love," Tyndall notes.

Family, whether involved in the business or not, can present a thicket of complexity that's best handled with open, honest communication. "Having regular family meetings can prevent disappointment and misunderstanding," Winick says. A spouse, for example, may need to understand that retirement may have to wait to capture the benefit of a cyclical industry upturn. Or an adult child involved in the business may require a transition period before assuming full responsibility.

Winick recalls one client whose father left equal interests in the family company to each of his children, despite the fact that only one was involved in running it. "It's been nothing but disharmony for decades," he says.

Business partners, too, can create complications. "If you have a realistic view of what you contribute and what your partners do, then you can think in terms of how to replace the loss of the relationships, as well as the talent and strengths each of you brings to the table," says Winick.

For an owner who doesn't have heirs able to take over the business, one option is to transfer ownership to employees through an employee stock ownership plan (ESOP), in which the owner's shares are bought in tax-deductible dollars from company contributions or plan borrowing. "This can be a great way to reward loyalty and keep the legacy you've built alive," Winick says.

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Is your company ready?

Preparing to sell a business is all about maximizing its value—and that means understanding what drives value in the first place. Specific drivers may include market share, customer relationships, scalability, unique products and brand recognition. "Drivers offer a competitive advantage, something unique that can't be copied, or where there's a barrier to entry," Tyndall says. These are the areas where investment will create the biggest bang for your buck.

Tyndall notes that the specific timing for selling a business depends on your company's current performance and its midterm outlook. Every growth curve has a sweet spot that lets you capture value for yourself and for a potential buyer as well. "If the company has very strong projected growth, that could be a reason to defer the process," he says.

Tyndall and Levinson recommend making sure your books are independently audited and your financials are in good shape. An experienced M&A attorney will look for any obstacles in the business—an employment issue, intellectual property rights—that could give buyers some concern or impact value.

Then there's the inevitable disruption that this process can impose on an organization. You must decide who needs to know what and when. Key employees should be incentivized to stay through the transition to ensure continuity. Similar care must be taken with customers and suppliers.

Is the market ready?

Finally, consider your company's industry and the market for M&A activity. If the industry is heading into a cyclical downturn, that could be a time to think about deferring an exit. But if it appears to be a permanent decline, you want to get out as quickly as you can. Winick cites the example of a mining company whose rights were expiring. The owners chose to sell to a competitor rather than making the heavy investment required to keep the company independent.

> **"SELLING IS LIKE GETTING READY FOR A MAJOR ATHLETIC EVENT. YOU PREPARE AND TRAIN FOR YEARS.**
>
> *ROBERT TYNDALL, Managing Director, Corporate Finance Group, Regions Bank*

The M&A market depends on several factors, such as the availability of financing, that are independent of your company and even your industry. "If there's declining investment in the sector, declining buyer appetite or uncertainty in the financial markets, then I may tend to hold off on a sale process," Tyndall notes.

Setting your priorities is an essential first step in knowing which opportunities are worth pursuing. "Selling a company is not something to be entered into lightly," Tyndall cautions. "It's sort of like getting ready for a major athletic event. You prepare and train for years, but if you come into the season and say 'this is not our year,' you should be prepared to wait until you're ready. It takes time and work to prepare for a great outcome." ▲

READY, SET, GROW

Expand organically or by acquisition? Move into global markets? Invest in employees? Here's how to assess these growth strategies and more for your business.

It's a business truism: If you're not growing, you're dying. Yet the larger your company becomes, the harder it is to achieve sustainable growth. Most midsize companies that want to grow without acquiring another business probably shouldn't expect an annual growth rate of more than 10%, says Aneel Karnani, professor of strategy at University of Michigan's Ross School of Business. "And even that's not as easy as it sounds, in a U.S. economy that will expand only about 2% per year," Karnani says. "That's also the average growth rate for U.S. companies—about 2%."

Your business may have loftier goals. And whatever level of growth you hope to achieve, there may be more than one way to get there. Consider these ideas.

Decide how to grow

Your company might aim to sell more of what it makes, expand geographically, branch into new products or services—or combine one or more of these strategies. Recently, though, there has been a move away from building businesses that try to do it all, says Karnani, who notes that many large companies now outsource all of their manufacturing. Similarly, midsize companies today are most likely to stick to core businesses while expanding globally or to sell their primary products or services on a larger scale, he says.

There may also be opportunities closer to home, says Alan Register, Executive Vice President of the Commercial Banking Group at Regions Bank. "Look for ways to exploit untapped potential in your current business," Register says. "What is the expertise that made your company successful in the first place? How can you get even better at doing that?"

One Regions client, a consumer products company, was able to increase market share and profitability simply by changing its packaging. "By making the package more attractive and environmentally friendly, retailers moved it to the front of stores, and that helped increase sales," says Register.

JOHN LUND/GETTY IMAGES

Consider a global reach

Expanding beyond U.S. borders isn't only for large companies. "Trade agreements have helped. Financial transactions abroad are much easier today—shipping costs have come way down and language isn't usually a barrier," says Karnani. Many more midsize companies are taking their businesses into foreign markets these days, but a company "should be reasonably successful at home before making the leap," Karnani says.

Scale up—carefully

No growth strategy will succeed unless you can execute it, of course. "It takes more than hiring sales people to go out and sell more," says Register. Instead, expansion-minded companies need to rethink their entire infrastructure, and ramp up everything—information technology, operations, finance, human resources, manufacturing.

You may also need to explore more than one path, says David Graham, Vice President and Relationship Manager for Regions Commercial Banking clients. He cites as an example the U.S. arm of a multinational corporation that wanted to expand sales in this country. One option was indeed to outsource manufacturing, an increasingly popular option. "But when we researched the cost of buying equipment and shipping it here from other affiliates, that turned out to be much less expensive," Graham says. Regions provided an equipment loan, financed construction of a new facility and increased a line of credit. "Helping a company grow isn't just about loans—it's also about building relationships to understand the passion which drives goals, and finding creative ways to meet them," he says. (For more on how to overcome hurdles to growth, see "Seeding Growth.")

Choose the right customers

Managing cash flow doesn't begin and end with meeting credit and liquidity requirements and having money on hand to pay suppliers and employees, says Register. Finding customers who can be relied on to pay their bills is also crucial. "If you're booking quality receivables at decent margins, your revenues will catch up and sustain your growth," he says. "But if your receivables aren't profitable or collectible, you may have short-term sales growth, but ultimately your business will suffer and decline."

Invest in your employees

Human capital, too, can spur a growing company's long-term performance, says Theresa Welbourne, professor in entrepreneurship and executive director of the University of Alabama's Entrepreneurship Institute. In a study of companies that sought growth by going public, Welbourne found that those placing a high value on employees and their business culture—as indicated in a required strategy statement that ranks a company's emphasis and spending on technology, research and development, marketing and employees, in addition to other factors taken from the company's prospectus—had lower stock prices at the time of their initial public offerings. "But five years later, the value a company placed on employees was the key factor that predicted stock price growth and survival," Welbourne says. "Other aspects of a company are easily copied, but the talent and commitment of employees give you a long-term advantage."

> **"Helping a company grow isn't just about loans—it's also about building relationships to understand the passion which drives goals, and finding creative ways to meet them."**
>
> DAVID GRAHAM, *Vice President and Relationship Manager, Regions Commercial Bank*

> **"Other aspects of a company are easily copied, but your employees give you a long-term advantage."**
>
> THERESA WELBOURNE, *Professor in Entrepreneurship and Executive Director of the University of Alabama's Entrepreneurship Institute*

Grow by acquisition

Buying another company can turbocharge growth, and the best acquisitions often build on your company's core expertise, says Robert Tyndall, Managing Director in the Corporate Finance Group at Regions Bank. Acquisitions that extend your reach into untapped markets, expand your product line or attract new customers while being integrated into your existing business are natural targets for growth, Tyndall says.

If you choose this route, evaluate how to make the target company worth more as part of your business than on its own. Could cross-selling produce greater revenue? Could back-office functions be consolidated? However, these expected "synergies" shouldn't be factored into the purchase price, says Tyndall. "Future potential economic gains should accrue to you as the buyer taking the risk of the deal," he says.

Once you identify an acquisition that is attractive from a business perspective, focus on how it may fit with your company's culture and organization, Tyndall suggests. Make a post-acquisition integration plan prior to closing a deal.

Whatever your company's path to growth, it helps to work with a partner that understands the hard work of running a business and generating new revenue. "As our clients look at growth opportunities, our Commercial Bankers are right there with them, helping them strategize and anticipate cash-flow issues and the need for capital," says Register. ▲

Speak to Your Regions Commercial Banker about:

- How to weigh the comparative merits of organic expansion vs. an acquisition
- What it takes to move successfully into global markets
- How to prepare for the cash flow challenges that can come with growth

Seeding Growth

Different challenges impede growth for businesses of every size. Consider these strategies to get over the hump.

➤ SMALL COMPANIES

(less than $15 million in annual revenue)

Challenge: A lack of affordable capital for new businesses

▶ Customer-funded projects can provide capital in exchange for favorable pricing and features those customers want. The Small Business Administration may assume the credit risk on loans to qualifying early-stage businesses, and specialty finance companies may be willing to secure a loan with certain company assets, such as accounts receivables or inventory, at higher interest rates than a bank would offer.

Challenge: A founder who needs fresh ideas for growth

▶ Create a board of directors or a trusted inner circle of managers to shift course or adjust your thinking about a market opportunity.

➤ MIDSIZE COMPANIES

(annual revenue of $15 million to $250 million)

Challenge: A lack of resources to propel new growth

▶ Larger companies can raise money from banks, private investors or public markets if they're able to demonstrate that their business plans will return more than the cost of capital.

Challenge: Losing the culture and the desire to innovate that made a company unique and profitable

▶ The right incentives can motivate employees to keep innovating. What's needed are rewards for entrepreneurial behavior that give employees opportunities within the company—so they don't leave and start their own businesses.

➤ LARGE COMPANIES

(annual revenue of more than $250 million)

Challenge: Being too large to grow

▶ For most $1 billion companies, for example, targeting 10% revenue growth may seem unrealistically ambitious, and scaling up to meet such a goal could have unintended negative consequences. Being content with a more reasonable rate, in the low single digits, can let you expand in more sustainable ways.

Challenge: Companies with mature products may try to grow by diversifying into new product lines and entering new markets. But that may result in large losses for several years as brands get diluted and companies end up competing with themselves.

▶ A better approach may be to go in the other direction, selling off peripheral parts of the company in order to grow core businesses, often through globalization.

JULIA SUDNITSKAYA/GETTY IMAGES

A New View of Risk

Volatility unsettles even seasoned investors. Remembering why you invest provides perspective on the risks you take.

WHEN MARKET TURMOIL STRIKES, THE BEST RESPONSE MAY BE TO HOLD TIGHT AND FOLLOW YOUR STRATEGY.

The day after Britain's historic vote to leave the European Union in June 2016 (Brexit), selling by nervous investors battered global markets and drove a one-day decline of more than 600 points in the Dow Jones Industrial Average. At Regions Investment Management headquarters in Birmingham, Alabama, the phones were surprisingly quiet, says Brian Sullivan, President and Chief Investment Officer of Regions Investment Management. When our portfolio managers called their clients to check on how they were holding up, "one of them answered the phone, 'Are you calling to tell me to be calm? Okay, I got the message. I'm calm,'" Sullivan says with a laugh. "I guess our clients know us pretty well."

Calm in the face of volatile events ranging from Brexit to the recently concluded and highly contentious U.S. presidential race, is a precious and, too often, rare commodity. Studies show that investors who liquidate their holdings in response to market downturns may do more damage to their portfolios than those who stay invested through the periodic storms—an idea bolstered by new research by Alan McKnight, Chief Investment Officer for Regions Asset Management, in the wake of Brexit. In other words, when market turmoil strikes, the best response may be to have a conversation with your Wealth Advisor, and to hold tight and follow your strategy.

Of course, that's sometimes easier said than done. "If someone called us during a period of market volatility to say they really couldn't sleep at night, our response wouldn't be to advise them to sell," says McKnight. "But we would take it as a sign that either they've lost sight of their goals or their portfolio isn't positioned correctly for their risk tolerance. In either case, we'd want to take a step back and think about what adjustments need to be made."

TATIANA KOLESNIKOVA/GETTY IMAGES

Focusing on goals

One way to better control fear over short-term market performance is to focus more on the underlying reason that you invest: the goals that you hope to achieve in your lifetime. Measuring your progress toward real-life goals, such as the retirement you envision, or educating your kids or grandkids, may help ease concerns over daily fluctuations in financial markets.

Fine-tuning your focus starts with a conversation with your Wealth Advisor, addressing such questions as: What are the goals for your portfolio? What is your time frame and risk tolerance for achieving each of them? If you have a low tolerance, you may want to scale back the risk you're willing to take to reach your objective. At the same time, reducing risk may also mean adjusting your return expectations. Each of these decisions involves tradeoffs, notes Brandon Thurber, Director of Regions Investment Research Group. "In investing there's no free lunch."

Categorizing your assets

Instead of thinking of your assets and your risks as a single portfolio, your Wealth Advisor can help you envision them in three risk-based categories to meet your needs. The first, and shortest-term, category contains conservative, low-risk, liquid investments for relatively immediate daily living needs. The second consists of market investments such as stocks and bonds, aimed at achieving market-level performance and sustaining your wealth so that you can maintain your lifestyle after retirement. A third category would focus on aspirational goals that would enhance your lifestyle but aren't essential. This group might include executive stock options, concentrated stock options, single- manager hedge funds or other assets with the opportunity for enhanced returns along with greater risks.

Viewing your assets through this lens allows you to be more precise and disciplined in how you put your portfolio together, which should also help increase your discipline to see the strategy through. "Your Wealth Advisor can help you target risk levels, return objectives and time horizons by adjusting the balance between various types of more growth-oriented and defensive stocks and bonds of varying yields and maturity," says Thurber. "At a time when low bond yields can make it even trickier to strike the right balance between risk and return, you might consider certain liquid types of alternative investments to further diversify the risks posed by stocks, but with potentially higher payoffs than bonds," he says.

After the appropriate allocations are identified, your Wealth Advisor may be able to pressure-test your strategy by analyzing how the assets might perform under various market conditions. The analysis might show, for example, what chance your aspirational portfolio has of reaching your target returns, based on historical data. Past performance is no guarantee of future results, but such exercises may help you feel more comfortable with the risks you choose to take and help you gain long-term perspective to ride out temporary market volatility.

With a solid strategy in place, temporary drops in the market can look less like terrifying events and more like opportunities.

Thinking like a professional investor

Even when unsettling events roil the markets, such times usually call for careful analysis and measured response rather than precipitous selling, McKnight says. He points to the Brexit vote. If the worst predictions come to pass and other nations follow England's lead, causing the European Union to unravel, "we'd have time for events to unfold," he says.

If temporary downturns seem frightening, keep in mind that seasoned professional investors often see things in the opposite light, as opportunities to consider adding to risk positions, McKnight notes. With a solid strategy in place, temporary drops in the market can look less like terrifying events and more like opportunities to purchase additional securities at attractive prices. And even as you develop strategies for weathering market downturns, keep in mind that it's often not the down years, but the up ones that do more to push a portfolio out of its range. As valuations of certain investments become inflated relative to their historical norms, the careful mix of assets you constructed within your portfolios can fall out of balance. Periodic rebalancing (selling some assets and purchasing others) is an essential part of staying focused on your goals.

"When you overreact to uncertainty, it's possible to make bad decisions," says Thurber. "When you set up the right plan and stick to it, you increase your opportunity to do well. That's what we always aim to do: Stick to the plan and look for opportunities." ▲

Opportunity Amid Disruption

Post-Brexit research by Regions underscores the potential benefits of sticking to your strategy in any climate.

After the Brexit vote, Alan McKnight, Chief Investment Officer for Regions Asset Management, says he had a "hunch." As he watched markets swing up again after falling more than 3.5% in the two days immediately after the vote, he thought back to his experience with previous major downturns and wondered: Is it possible that the worst days for the markets actually usher in periods with higher returns than the periods following their best days?

McKnight and his team looked at two sets of numbers. For the first, they pulled all of the trading days from January 1988 through December 2015 with a 3.5% or worse negative return, and then averaged the market returns over the subsequent three, six and 12 months. Then they did the same for trading days with a 3.5% or greater positive return. Across the board, the periods immediately following major drops were significantly more bullish for stocks than the periods after the biggest rallies. While the past doesn't predict or guarantee future market results, the findings support the idea that sticking with a well-conceived strategy, and continuing to invest rather than pulling out, may be the wisest course in volatile times.

"A lot of people might take a major sell-off as a cue to take a breather, but the research suggests that, if anything, those are the times you may want to think about becoming more invested," says McKnight. "And the big up days aren't always the green light they might seem."

BY KATE RANDALL DANELLA
Executive Vice President
Regions Private Wealth Management

What's Your Legacy?

Legacy planning goes hand in hand with business ownership. Here's how to shape yours.

Business owners have a dual challenge when it comes to their legacy: passing down what they have learned and what they have earned. It goes beyond simply leaving behind tangible assets and encompasses transferring core values, beliefs and life experiences. *Insights* spoke with Kate Randall Danella, head of Private Wealth Management at Regions Bank, about how family business owners can start planning their legacy.

> "CREATING AN ENDURING LEGACY WILL NOT HAPPEN OVERNIGHT, AS IT IS THE CULMINATION OF WHAT YOU GIVE, IMPACT, CREATE AND CONTRIBUTE OVER TIME."

How should business owners determine what they want their legacy to be?

DANELLA: Legacy is about creating something that will live beyond you. In order to determine your legacy, you first must determine the interest or passion that you want to be associated with and connected to in the future. What you want to be known for long-term should align with where your heart, your gut and your interests lie.

Next explore the best way to align your interest or passion with your legacy. Is it through philanthropic giving? Is it by building a nest egg for future generations of your family? Or is it through the long-term continuation of your business interests? Answering these questions can help you determine the kind of legacy you want to leave.

When should business owners start thinking about their legacy?

You can never start too soon on building your legacy. Creating an enduring legacy will not happen overnight, as it is the culmination of what you give, impact, create and contribute over time. It doesn't happen by accident, and it requires thoughtful planning.

But business owners also should consider their legacy at significant life events: the birth of a grandchild, the graduation of a grandchild from high school or the death of a parent. Any event that prompts taking a closer look at your life can serve as an opportunity to re-evaluate your legacy, your succession plan, and your professional and life goals.

Your legacy plan does not have to be set in stone. It should be fluid and flexible. It's valuable to have a plan, but it needs to be adaptable to the inevitable changes that your life, your business and your goals will encounter.

Why is legacy planning so important for family business owners in particular?

Legacy planning is extremely important for the owners of family businesses because the lives of so many people depend on it being accomplished correctly. Many people are financially supported as a result of the success of a family business. Family members, employees, customers and vendors depend on the business for their financial livelihoods. The ripple effect of a poorly planned transition affects so many people and, in some situations, the community itself. ▲

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Smart Growth: More Than Dollars and Cents

Your company's future growth prospects hinge largely upon how you manage it today. • By David A. Smith

Some companies believe that sales cure all ills, but growth for growth's sake is not always good.

Achieving sound, profitable growth means striking the optimal balance between revenue gains, cost control and companywide efficiency—all while navigating potential risks lurking within the customer base or on the balance sheet. The best companies know the difference.

When one of Regions' longtime customers, a manufacturer, approached Regions about acquiring a similar company located in the Northeast to broaden its customer base and expand into new markets, the initial discussion centered around the customer's current debt capacity.

Our customer wanted to be sure that the company had the financial wherewithal to easily complete the transaction. As we discussed the matter, it became apparent that the deal offered a seasonal counter to the company's current business. As such, it had the potential to balance out the company's sales, as well as the related overhead and other expenses, over the course of the year.

Although growth isn't new for this company (it has acquired several companies over time), this very measured approach from its management team and its willingness to seek outside counsel have helped the company excel at smart, controlled growth.

As this customer demonstrates, meeting sales needs goes beyond simply working smarter with the equipment and personnel a company already has—it means approaching growth with a big-picture strategy.

As you consider ways to grow your business, whether it's organically through your existing client base or via an acquisition, we hope you'll see Regions Bank as a valuable strategic partner. Sure, we're a trusted financial resource, but we've also invested in enhancing the skillsets of our Commercial Bankers to provide more holistic perspectives for our clients.

Ultimately, we believe our discussions with a company's CEO about how to help you achieve steady, smart growth should provide as much value as those we have with its CFO. ▲

David A. Smith is an Atlanta-based Executive Vice President and Commercial Banking Executive at Regions Bank.

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