

Commercial Insights

STRATEGIES AND EXPERTISE FOR YOUR COMPANY

Winter
2020



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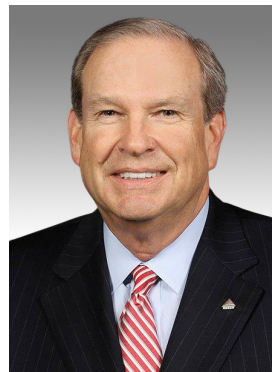
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Welcome



In any company, you count on your customers to keep you in business and your staff to take care of your customers. Your staff, in turn, counts on you to take care of them. In this issue of *Commercial Insights*, our industry professionals offer new strategies for taking care of your employees, your customers and your business as a whole.

The feature article, *Compensation: Considering the Whole Picture* (page 6), lays out innovative ways to hire, retain and inspire the talented, difference-making people in your organization,

as well as some best practices for paying yourself.

Because your customers increasingly trust you with their valuable information, they expect your protection from a number of threats, especially fraud. In *Fraud by the Numbers* (page 2) and *Training Employees on Fraud* (page 12), we shine a light on the most prevalent fraudulent schemes and how to defend your business and your customers against them.

The digital transformation has brought new opportunities in automation, as we explore in *How Chatbots are Transforming Customer Service* (page 4). Along with these fresh digital opportunities, a new generation of customers and employees is bringing their own unique set of priorities and tastes, which you can learn about in *What Gen Z Wants* (page 3).

Taken together, we believe this issue can help you make the best decisions when it comes to taking care of your employees and customers in an ever-changing business environment.

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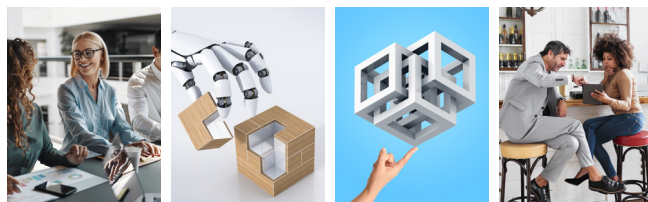
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Business Intelligence



Is a Mobile App Right for Your Brand?

As many companies jump on the mobile app bandwagon, it's important to consider whether an app fits into your business strategy.

When done right, a mobile app can help companies cultivate a consistent, positive brand experience while providing a wealth of customer insights. More organizations are including apps as part of their strategy: According to Salesforce's fifth annual *State of Marketing* report, 35 percent of marketers surveyed have plans to incorporate mobile apps into their strategy.

Still, a mobile app may not be right for every business. Before devoting time and financial resources to developing an app for your unique business, consider the following questions:

Do your competitors have an app?
If so, and if the number of downloads is high, that might signal that there is a benefit to using an app to reach—and better serve—your customers.

Will it support your overall strategy?
It's important to consider whether a mobile app will support your organization's marketing goals or customer engagement initiatives. Ultimately, the most effective mobile apps are strategically designed to help support a broader strategy.

Will your customers use it?
Your app should provide customers with a compelling reason to download and use your app. If appropriate, consider incentivizing customers to continue using the app with customer loyalty programs or personalized tips and guidance on how to get the most of your products.

As with any new strategic initiative, consider the pros, cons and impact on your organization's long-term strategy before devoting valuable resources to developing a mobile app for your brand. ▲

Connecting with Your Customers

An app can help you deliver a tailored experience and deepen the relationship with your customers. Consider the benefits of using an app as part of your broader customer experience strategy:

Customers can easily access your services around the clock.

Push notifications can inform customers about recent promotions.

Increased interaction with your brand amplifies your marketing strategies.

App-based customer support makes using your products easier.

Retain customers by personalizing their experience with your products.

Build loyalty by offering exclusive promotions to app users.



MORE ONLINE For additional resources, please visit regions.com/commercialinsights

Fraud by the Numbers

In today's business world, fraud is more common than you might think. These statistics show just how prevalent it is and why fraud detection and prevention are increasingly important. It's easy to believe fraud can't happen to your business—until it does. Unfortunately, businesses are uniquely vulnerable to fraudulent

practices. In fact, the Association for Financial Professionals found that 82% of businesses had been targeted for payment fraud in 2018. Here, we take a look at the financial impact of fraud to help you understand why fraud prevention measures are necessary for your company.

Fraud Is on the Rise

The number of companies affected by fraud has increased by 13%.¹



The Financial Impact

The associated costs of fraud dwarf fraudulent activity itself, underscoring the importance of preventing fraud before it occurs.

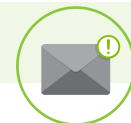
\$108,000: The median amount U.S. businesses lost due to fraud in 2018.²

\$10.1 billion: Combined cost of email-related fraud to U.S. businesses in the last six years.³

When it comes to preventing fraud, your employees are often your first—and most effective—line of defense. Flip to page 12 to learn more about how to implement fraud prevention training within your organization.

Visit www.regions.com/stopfraud for more fraud prevention tips.

Email impersonation remains a key threat to all organizations.



81% of businesses that received spoofed emails from fraudsters attempting to divert payments in 2018.⁴



50% of fraud is attributable to internal control and oversight weaknesses within a business.²

Prevention Is Key

What can you do to protect your business against fraud?

- Remain **alert** for suspicious requests.
- Practice strong **cybersecurity**.
- **Monitor** account activity with Regions ACH Alert.
- Implement **Regions Positive Pay** to prevent check fraud.

Sources: ¹PwC, 2018; ²Association of Certified Fraud Examiners, 2018; ³FBI Internet Crime Compliant Center, 2019; ⁴Association for Financial Professionals, 2018



Minding the Generation Gap

Managing today's multigenerational workforce requires understanding each generation's priorities and preferences.



Baby Boomers: Ages 55–73

Priding themselves on their strong work ethic, Boomers see their careers as a key part of their identity. Having them mentor younger employees can be a great way to honor their service and pass on valuable knowledge and experience.



Generation X: Ages 39–54

Gen X is known for their independent, individualistic nature. As the first generation to seek work-life balance, Gen Xers are likely to be receptive to younger generations' desire for freedom and flexibility.



Millennials: Ages 23–38

As idealists who were taught to follow their passions, millennials bring that optimism to their work. They're motivated by more than money—they want their work to mean more than a paycheck.

What Gen Z Wants

Meet the youngest generation in the workforce: Digital natives in search of flexibility, entrepreneurial opportunities, and the chance to make their mark.

A new generation is entering the workforce and presenting a new set of expectations and challenges for employers.

Generation Z, defined by the Pew Research Center as anyone born after 1996, grew up with internet access, smartphones, social media and the sense of connection those tools provide.

Attracting this new generation of motivated and outspoken digital natives requires more than casual Fridays and free lunch. Here are some things they're looking for and how your company can respond.

FREEDOM FROM THE CUBICLE

Beyond work-life balance, Gen Z is looking for work-life harmony. They value the autonomy to work when they're most productive while having the freedom to exercise, take care of their mental health, volunteer and take personal time during the day.

Offering a flexible schedule or the opportunity to work remotely can not only help attract new employees, but it can also boost staff productivity and morale.

OPPORTUNITIES TO INNOVATE

Gen Zers are defined by their entrepreneurial spirit, and they'll be looking for the chance to solve problems on their own and pitch new ideas. Micromanaging this generation of go-getters could feel oppressive and frankly, be a nonstarter.

Creating clear opportunities for new employees to voice their opinions, offer new ideas and think beyond the status quo can go a long way toward making them feel heard.

DIVERSITY AND INCLUSION

For this generation, inclusive policies at work and a clear commitment to diversity and inclusion are table stakes. A policy of diversity and inclusion doesn't mean much if the colleagues new employees see around them aren't a representative mix.

Organizing affinity groups and networks where employees from underrepresented populations can support one another can help new employees feel welcome. Likewise, ensuring all employees' voices are heard and addressed is a critical step toward showing your commitment to diversity and inclusion.



Succession and Success

Life is marked by changes—some small and gradual, along with others that stand out as milestones. The Summer 2019 issue of Private Wealth *Insights* explores a few of those changes, to help you make the right choices as you move from one chapter to the next.

One major transition involves leaving a career or business you've invested years of your life to build, and it comes with major personal, financial and emotional

ramifications. In this issue, some of the top industry professionals at Regions come together to offer ways to approach this, and other, life changes.

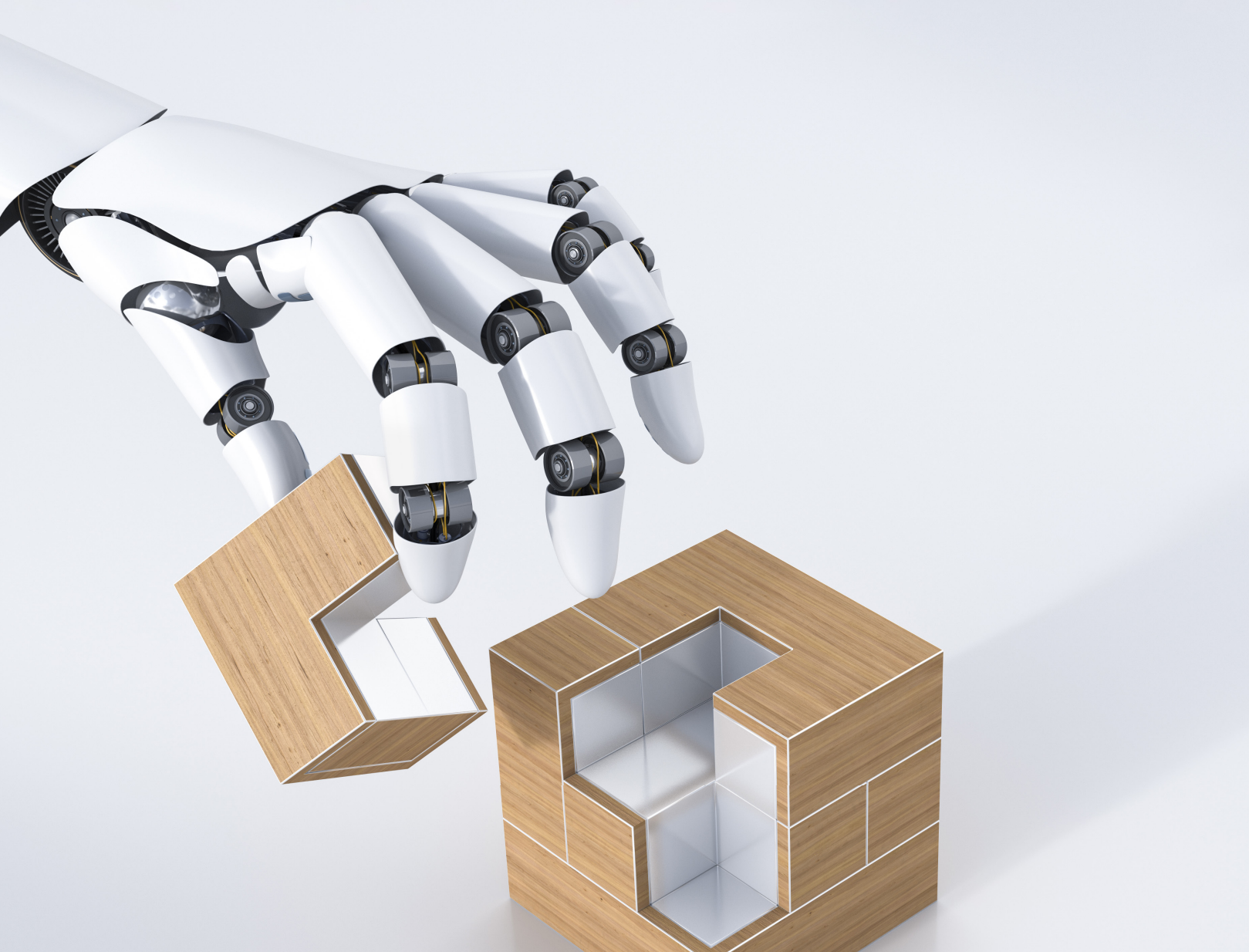
At the same time, change is all around: Maybe your children are old enough to go into business on their own and want support. And you may want to make time within your family to discuss how the changes that every year seems to bring might affect your overall financial picture.

This issue of Private Wealth *Insights* has been designed to help you to navigate these transitions, providing new ideas and strategies to help you and your family adapt and take on new adventures, while keeping all of your short- and long-term financial goals in place.

Look for the Summer 2019 issue of Private Wealth *Insights* at regions.com/wealthinsights



MORE ONLINE For additional resources, please visit regions.com/commercialinsights



How Chatbots Are Transforming Customer Service

No matter what you sell, delivering best-in-class customer service is key to success. But can today's chatbots support those goals?

In today's world, customers expect instant responses to inquiries across all platforms, and they're quick to abandon companies that don't deliver on that expectation. Providing that level of support, however, can

be expensive and time-consuming for businesses, which is one reason that a growing number of companies are turning to artificial intelligence-enabled chatbots to handle more aspects of customer service.

Chatbots rely upon artificial intelligence (AI) to engage in conversations through a variety of platforms, including phone, text, email and instant messaging. A full quarter of customer service and support operations will use chatbot or virtual customer assistance technologies this year, up from less than 2% in 2017, according to Gartner.

Odds are, you're probably already interacting with chatbots in your day-to-day activities, whether you're asking Amazon's Alexa about the day's weather, texting to confirm an upcoming doctor's appointment or restaurant reservation or responding to a bank alert about fraudulent activity.

The Evolution of AI

Chatbots have been around for decades, but their recent growth reflects advances

in AI. Today's chatbots can handle many straightforward, repetitive tasks and customer inquiries. They're smart enough to understand or ask follow-up questions to ascertain the intent of a customer's query, even if it doesn't contain specific phrases or keywords. A chatbot could, for example, easily help a customer reset a password, help facilitate a return or direct a customer to a discount code.

They can also handle requests in multiple languages and record valuable data that companies can later use to make additional business decisions. Chatbots get smarter over time, delivering an even more efficient experience for the customer. Some chatbots now use real-time sentiment analysis, which allows them to get a sense of how a customer is feeling, information they can use to tailor their response or hand off the ticket to a human agent. The newest chatbots even have personality: Their voice and tone reflect the brand they're representing, injecting wit and humor into their interactions and signing off politely at the end of the conversation.

And, of course, they're a cost-efficient solution for many organizations. An analysis by Business Insider Intelligence found that the chatbots could cut the cost of customer service personnel by nearly 30%.

Still Room for Humans

Even as chatbots have improved in recent years, they haven't completely replaced the need for human customer service representatives. Because humans and machines excel in different areas of service, chatbots are best suited for tackling monotonous and repetitive work, like answering common questions or collecting customer data.

As chatbots handle more routine customer service issues, an organization's best customer service representatives can be freed up to focus on the more meaningful problem resolution—the kinds of issues that require human touch and the type of emotional intelligence that chatbots don't currently possess.

Chatbots should be able to recognize issues that are beyond their scope and seamlessly transfer the customer—along with all of their case details—over to a human agent.

While technology exists to create highly efficient chatbots, there are also plenty of subpar products on the market. And businesses may be adopting chatbots more quickly than consumers are ready to accept them. According to the 2019 CGS Customer Service Chatbots & Channels Survey, half of consumers believed that chatbots and virtual

brand reputation in the process. A 2016 survey conducted by Digitas found that 73% of consumers would refrain from using a company's chatbot again after having a bad experience with it. Ultimately, the right chatbot software for your business will depend on your industry, business objectives and existing customer service strategy.

Finally, be aware of the cybersecurity implications that come along with using chatbots. As with any digital tool, you should check to make sure that your vendor or developer has a plan for how

Chatbots get smarter over time, delivering an even more efficient experience for the customer.

assistants made it harder to get their issues resolved, and 86% said they preferred interacting with a human versus an AI-based system.

Launching a Chatbot

If you're considering leveraging chatbots to help support your organization's customer service strategy, it's a good idea to test the waters by starting off small, then gradually expanding its scope. Since chatbots get smarter over time, it often makes sense to deploy your first chatbot with a specific use in mind—tackling only frequently asked questions, for example.

Before investing in any software, it's important to do your research. A chatbot that doesn't deliver superior customer service could end up alienating the very consumers you're hoping to assist and damage your

the chatbots will store and share any data that they collect.

More to Come

As AI continues to improve and consumers become more comfortable communicating via text, chatbots are poised to become even more common, with an expanding presence across virtually all industries and a growing list of tasks that they can accomplish. More than half of businesses say that chatbots are already driving disruption in their industry, and 4 in 10 say that their customers are already using the technology, according to Accenture.

It's up to individual businesses to decide whether they want to join the chatbot revolution—and to determine the right mix of human and artificial intelligence to offer the best possible level of service to their customers. ▲



Compensation

Considering the Whole Picture

In the competition for talented workers, business owners have a host of new options to win the best people at the right price.

FINDING GREAT EMPLOYEES—and holding onto them—can be one of the most challenging aspects of running a successful business, even under the most favorable circumstances. Those challenges only increase in a brisk job market when the unemployment rate drops below 4% and turnover is high across industries. That kind of environment calls for business owners to find new and innovative ways to attract and keep top employees.

The good news is that hiring great workers doesn't always mean that smaller businesses have to match big companies dollar-for-dollar on salary. "You've got to be competitive, but it's not the only thing taken into consideration. There are other factors that come into play," says John Boydston, a Regions Bank Commercial Relationship Manager based outside of Jackson, Mississippi.

A significant portion of the talent pool, he says, is focused on the opportunity for career advancement, or the possibility of growing along with your company. Depending on where they are in their lives, many mid- and senior-level employees may place a greater emphasis on benefits related to retirement and health care, or on work environment, company culture and flexibility. These aspects can each play a vital role in attracting key talent.

A close look at the entire compensation picture you now offer—and the options available to you—may reveal creative strategies for building and maintaining the team you need.

ADAM VOORHIES/GALLERY STOCK



Incentives for success

One increasingly popular compensation tactic is for employers to offer bonuses based on the overall performance of the company, says Lynn Chapman, Senior Compensation Consultant at Regions Bank in Birmingham, Alabama. In addition to motivating workers, tying employee bonuses to the company's fortunes can also make it easier on your company's bottom line, as compensation costs will fluctuate in step with revenue.

For employers, deferring bonus compensation over time is another way to use bonuses to keep essential team members on board. "This is not a new concept, but it's something we're seeing more of lately," Boydston says. "You can tie deferred compensation to company growth, and establish

a formula to determine the amount to be accrued annually. The bonus amount is then paid out in full to the employee at the end of their contract, or a predetermined time period after the contract ends."

When equity is the answer

Offering ownership shares in your company to key employees is another way to build commitment. "Employees are more inclined to work harder for your company when they have a vested interest," Boydston says.

At the same time, many business owners have a substantial portion of their personal wealth tied up in their company. That can make granting partial ownership to employees a good way to diversify the risks in your own financial plan, especially as you prepare for retirement

"Employees are more inclined to work harder for your company when they have a vested interest."

JOHN BOYDSTUN,
Regions Bank
Commercial
Relationship Manager,
Jackson, Mississippi

(see sidebar, "Minding Your Own Compensation Package").

One way to offer employee equity is to give shares directly to employees as part of their performance bonuses. Another way to handle the process is to allow top employees to periodically buy some form of shares in the company.

For small businesses, offering company equity can come with complications, as their stock is likely to be relatively illiquid. Boydston recalls one owner who strengthened his company's stock purchase program by providing a guaranteed buyback option in case an employee one day needed to sell. With the assurance of a buyback, the employees were better able to secure the necessary loans to buy stock.

Your Regions Bank Commercial Relationship Manager can help you assess the best ways to offer key staffers equity in your business, Boydston adds.

Retirement and health: More than just benefits

Offering a full slate of benefits may seem costly, but they can be a difference-maker. Even with the recent robustness in the job market, most workers still feel deeply unsettled about their financial future, especially as they relate to retirement and health care.

Boydston recalls working with one business owner in Jackson who started losing employees after a large, publicly traded company moved into the area. Although the owner couldn't match the public company's salaries and benefits, the simple step of adding a retirement plan helped stem the flow.

Beyond health insurance, employers can find other ways to promote a healthy workforce, Chapman notes. "That can mean wellness initiatives, flu shots and screening programs, or programs

to help new parents transition back to work," she says. "It could even extend to things like support for aging family members."

Looking at lifestyle, offering flexibility

In an age of instant global communication, many employers have found they can widen their pool of prospective talent by allowing people to work remotely.

"If somebody's excellent at what they do, employers are asking if they really need to have this person sitting in an office 10 feet down the hall," says Ty Smith, Senior Vice President for Regions Private Wealth Management in Atlanta.

Employees with young children or aging parents to care for may also be attracted to employers who recognize that people's complex lives may demand flexible hours and days. "The focus now is, what programs do you have that support the whole employee?" Chapman says.

An eye on tomorrow

As you consider creative ways to compensate your current leaders, don't overlook the next generation, Chapman advises. A business that offers on-the-job training and a path for performance-based advancement, or help with tuition, will win out when attracting driven young talent, says Chapman.

Some employers are even offering financial assistance to workers who may be struggling to pay off student debt. "With education costs skyrocketing, we're starting to hear more about that type of incentive," she says.

The value of goodwill and good deeds

Workers today place a premium on companies with a good

culture and a strong record from an environmental, social and governance perspective, according to a 2019 Glassdoor study. Nearly 77% of respondents said they would think about the culture of a company before applying for a job, and more than half (56%) said a good culture is more important than salary in determining job satisfaction.

That's more reason to lead with the qualities that make your company a unique and supportive place to work, the steps you've taken to reduce your environmental impact and the good things you do in the community, Chapman says. "Employees expect to know what you're doing and where you stand on issues," she adds. "It's important to demonstrate that you're transparent and that you are proactively serving people's needs."

The big picture

In the end, no single solution will likely answer your company's compensation puzzle. Your Regions Bank Commercial Relationship Manager can help you assemble a team, including your CPA and attorney, to review every possibility. Together, you can determine what combination of salary, bonuses, benefits and other factors will help you attract—and maintain—the dynamic team your company deserves. ▲

Speak to your Regions Commercial Relationship Manager about:

- Compensation structures that could help your company attract and keep talent
- The best ownership and compensation strategy for you, at different stages in your life
- Philanthropy and other initiatives that might enhance your company's public image

Minding Your Own Compensation Package

Owners can often have a one-track mind when it comes to running and growing their businesses, and too often overlook how (and how much) to pay themselves, says John Boydston, a Commercial Relationship Manager for Regions Bank. The following tips can help you better structure your own financial package.

Find your balance

Rather than taking a salary that "feels" right, calculate your pay based on an analysis of your lifestyle and the income you need to support it, Boydston suggests. Your Regions Wealth Advisor can help you analyze your family's spending, goals and other factors, and help you weigh them against the needs of your company.

Hold yourself to performance standards

If your managers' bonuses are tied to company performance, taking large bonuses for yourself during down years could send the wrong message, Boydston says. Tying your own annual compensation to performance tells your staff that you're all in it together and helps to preserve the financial health of the company.

Review your tax picture

Work with a Wealth Advisor, CPA and tax attorney to understand the tax implications of taking out money versus leaving it in the company. You might, for example, consider the role that trusts may play in helping you transfer wealth, Boydston says. "If you don't plan pro-actively, you can create a much greater tax burden for yourself and your family than is necessary."

Consider your exit strategy

Even as you consider your current compensation, don't forget that your family's long-term prosperity depends on having a clear succession strategy that incorporates your own retirement needs.

The Business Owner's *Other* Retirement Assets

If you're contemplating selling your business, consider intangibles such as your client list, your firm's reputation and overall goodwill.

For many business owners, the value that they've built into their company is more than a source of personal pride—it's a promised gateway to a retirement they envision and the legacy they hope to leave to their family and community.

Passing through that gateway—via a sale of your company—can be a complex process. If the value of your business were limited to hard assets such as buildings, equipment and real

estate, then determining what your company is worth would be a matter of straightforward accounting, says David C. Johnson, Wealth Strategist for Regions Private Wealth Management. "Things like equipment and machinery are generally identifiable in terms of their acquisition costs and depreciation on the company's books."

But it's likely that your company's true value resides in other, less visible forms. Intangible assets can be much harder to measure, but they could hold just

as much or more value than the parts of your business that you can actually touch and feel.

THE REALITY OF INTELLECTUAL PROPERTY

When taking stock of your intellectual property, start by thinking of the things that you know that nobody else does. "Intellectual property includes everything from trade secrets to royalties you may be getting from patents or licensing agreements," Johnson says.

BONNISTUDIO/STOCKSY

Johnson warns, however, that intellectual property doesn't hold its value forever. "It's like an oil or gas well you're drawing royalties from that's ultimately going to be depleted. There's a declining value to these things," he says. "For example, a patent has a specific life span, and its value will depend on how much time is left."

You can help boost the value of intellectual property by keeping careful records, Johnson says. Keep clear, well-organized information for prospective buyers about your patents, licensing agreements and other intellectual property. He also recommends protecting your trade secrets by requiring anyone who uses them to sign a nondisclosure agreement.

GOODWILL, GREAT VALUE

The aspects of a business that fall under the heading of "goodwill" may be even less tangible than intellectual property. But they can have equally significant value.

"Goodwill is your reputation," Johnson says. "It's the propensity of customers to return for repeat business." And while it is indispensable, it can be hard to gauge, encompassing your reputation for quality and service, a positive brand image, strong customer and supplier relationships and a good standing in the community.

Valuing goodwill is easier for publicly traded companies, whose stock tends to rise right along with the company's reputation and decline when that reputation takes a hit, Johnson says. For a privately held company the process is more nuanced. Its value is determined by how long it has been in business, the steadiness of sales growth and its profit margins. "When an expert comes in to value your company, they're going to look at all of these things," Johnson says.

In smaller companies, the owner's personal reputation is often inextricably linked to that of the company, which can complicate the valuation process. Prospective buyers may worry about the company's prospects after the owner leaves. When planning for a transition, look for ways to enhance the company's reputation as a whole, Johnson suggests. That might mean promoting key

employees to be more visible with your customers and suppliers, and in the community.

"Goodwill is your reputation. It's the propensity of customers to return for repeat business."

—DAVID C. JOHNSON,
Regions Private Wealth Strategist

Having a company where people like to work, even after you're gone, may also boost value in buyers' eyes, Johnson says. "We're at full employment in the U.S. right now, and you need to keep them 'sticky' to your company." Consider benefits such as a nonqualified deferred compensation plan, which offers key employees cash bonuses at a later date, as a way to reward and retain them beyond the sale, Johnson says.

MAKING THE INTANGIBLE TANGIBLE

Given the complexities of valuing your business, expert help is essential. "What you really need is a certified valuation analyst (CVA) who has completed training specifically in valuing businesses. You need that to have a value you can be confident in and stand up for," Johnson says.

Your Regions Private Wealth team can help you find the right CVA, attorney, tax specialist, mergers and acquisition advisor and other professionals. "This is a collaborative effort that requires multiple disciplines," Johnson says. Your wealth strategist can make sure all of the professionals communicate regularly with one another—and with you—before, during and after the sale. That way, your business's assets, tangible and intangible, can reach fruition in a sale that will benefit your retirement and your legacy. ▲

Speak to your Regions Commercial Relationship Manager about:

- The value of any intellectual property your business has acquired or created
- How your company's goodwill may be affected by your departure
- Additional strategic factors to consider when preparing your business for a sale

Which Intangible Assets?

Understanding what they are and the value they represent is essential to a successful transition.



Patents on products or processes

These can hold significant value for a prospective buyer if you intend to sell the patents along with your company. In addition to the competitive advantages that the patents represent, they can also provide a revenue stream of royalties if you allow other companies to use them.



Licensing agreements

You may also have formed licensing agreements allowing other companies to use your brand or products. "You may have a copyrighted book that's central to your operations," says David C. Johnson, Regions Private Wealth Strategist.



Trade secrets

These are things like the recipe locked in a vault, proprietary technology or the closely guarded client list you've built over the years.

Training Employees on Fraud

When it comes to preventing payment fraud, your employees should be your first line of defense.



JON KUCHARSKI
Head of Fraud
Transaction Strategy
at Regions Bank

“Creating a company culture where payment fraud can’t thrive is critical. Building an environment where everyone owns fraud will foster this culture.”

COMMIT TO ONGOING FRAUD TRAINING

Those who are connected to money and money movement should go through periodic training to protect them and their company.

Kucharski recommends a regular program of fraud training supplemented by ongoing communications as needed throughout the year. “Fraud training is your best protection. It’s critically important to be aware of the latest developments and to keep talking to employees about how the risk of fraud can impact them,” he says.

The people in your firm who manage compliance and risk are the right choice to tackle updating your company’s payment fraud training and communications strategy. In addition, tools like iTreasury, Regions Positive Pay and ACH Alert can help protect your business from unnecessary loss. Visit regions.com/stopfraud or speak to your Regions Commercial Relationship Manager to learn more. ▲

For businesses, it’s difficult to avoid the losses associated with fraud. In fact, 82% of the organizations surveyed by the Association for Financial Professionals reported payment-related fraud incidents in 2018.

“Creating a company culture where payment fraud can’t thrive is so critical,” says Jon Kucharski, Head of Fraud Transaction Strategy at Regions Bank. “Building an environment where everyone owns fraud will foster this culture.”

COMBATING COMPLACENCY

An anti-fraud culture should emphasize awareness and due diligence by all employees. To reduce payment fraud, your efforts will need to specifically target employees involved with the money-related areas of the business—working in finance, treasury or accounts payable and receivable roles.

Heightened awareness is critically important here because most payment fraud happens as the result of complacency, says Kucharski. “Like driving a car, we get so used to doing things automatically that we sometimes don’t pay full attention to what we’re doing.”

To support a culture of awareness, Kucharski suggests that managers train employees to pause, question and verify new information before completing transactions. Creating a payment process checklist can help ensure a consistent, comprehensive verification process.

“If you see a change, it should be a red flag to wait a minute and verify that the supplier really has sent it,” he cautions. “Add some ‘pause points’ in your process for verification, especially above a certain dollar threshold.”

Likewise, consider building more time into your company’s payment process. “Fraudsters use urgency and time constraints to force payment control shortcuts,” Kucharski explains.

Regions reminds its customers that they should be vigilant about fraud and security and that they are responsible for taking action to protect their computer systems. Fraud prevention requires a continuous review of your policies and practices, as the threat evolves daily. There is no guarantee that all fraudulent transactions will be prevented or that related financial losses will not occur. Visit regions.com/STOPFRAUD, or speak with your Banker for further information on how you can help prevent fraud.

Bulking Up

Childhood friends and co-owners of FINAFLEX nutritional supplements turned to their Regions banker to take their company to the next level.

As walk-on football players at the University of Georgia, Kyung Kim and Bryan Krause were well acquainted with the benefits of nutritional supplements. So, when they graduated in 2000, the two childhood friends teamed up to start FINAFLEX in 2008, a nutritional supplements company.

After opening a few retail supplements shops, the pair began manufacturing products developed in partnership with experts. With an array of new products, they were ready for growth.

But as a small company with \$2.5 million in sales, FINAFLEX was struggling to acquire funding. In order to support their company’s growth, the founders turned to nonbank lenders charging high rates and fees. But they weren’t having any luck.

That’s where Regions Bank came in.

Working with the Small Business Administration (SBA), Regions was able to provide FINAFLEX with two lines of credit—one for



domestic sales and one for international sales. Later, Regions also added a small-term SBA-guaranteed loan to finance FINAFLEX’s expansion into a new facility.

As their business has grown over the years, Kim and Krause have benefited from the coaching and continued support from their Regions banker.

For instance, after introducing their new Keto Kookie at a trade fair, FINAFLEX was approached by a national retail chain that wanted to carry the product. To capitalize on this opportunity, Kim and Krause turned to their Regions banker who suggested expanding

their line of credit. With FINAFLEX qualifying for an SBA guarantee, Regions was able to accommodate their needs for funding this expansion.

Today, FINAFLEX has grown its annual sales to \$9 million. With products including a keto energy drink and an oatmeal protein pie, Kim and Krause are anticipating huge years ahead.

As an SBA-preferred lender, Regions works with business owners on five different transactions: acquisitions, expansions, real estate investments, working capital and franchising. Regions evaluates the borrower’s application, and

if it’s approved, the SBA reduces the lending risk, providing a guarantee of up to 75%. The SBA makes it easier for lenders to access capital and, in turn, makes it easier for small businesses to get loans.

According to Tyrus Sanders, Commercial Banking Specialty Executive, the goal for Regions bankers is to “solve for X,”—identifying a small business’s need and then helping the client to find a solution.

“We get to change lives every day,” Sanders explains. “When you ‘solve for X’ for people, you’re listening, and you’re able to provide a solution for them. It’s an amazing thing.” ▲



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