Truist Purple Paper®

Choosing the right financing for your business

How today's capital decisions can shape your company's tomorrow

TRUIST Commercial

What's ahead

Are you using the right fuel to power your business objectives?

Many business leaders default to low-cost financing because it benefits the bottom line in the short term. But cheap capital can come with trade-offs that impact your company's long-term goals. Over time, that misalignment can affect not just your balance sheet—it can also restrict opportunities and influence decision-making.

Choosing the right financing for your business is more important than ever because today's environment leaves far less margin for error. Ongoing economic uncertainty, interest-rate volatility, faster growth cycles, and longer cash conversion timelines all contribute to the need for resilient capital structures.

"Capital decisions shape how a business operates far more than many leaders initially realize," says Travis Rhodes, North Carolina West regional president at Truist. "I've seen companies with strong products, capable leadership, and healthy demand struggle—not because the business was broken but because the capital structure didn't match how the business worked."

In this Truist Purple Paper, we combine insights from commercial banking leaders with real-life client case studies to provide a deeper understanding of the importance of aligning business financing with purpose, timing, and risk tolerance. You'll find examples from across industries and lifecycle stages that demonstrate how a financial partner who understands your business can help you identify capital solutions that work for you—now and in the future.

"Capital decisions shape how a business operates far more than many leaders initially realize."

Travis Rhodes
North Carolina West
Regional President, Truist

Capital in action

The right financing strategy should reflect your business objectives.

Some financing needs are relatively straightforward. You may go to your banker in need of a commercial real estate loan to buy a new warehouse or manufacturing facility as orders increase. Or you may need equipment financing to replace aging trucks in your fleet.

More complex needs often require multiple solutions working together. Rhodes shares an example of a Truist client who was pursuing both organic growth and acquisitions. “The client needed liquidity, acquisition capital, and flexibility to integrate the companies,” he says. “So, their Truist team created a layered structure that aligned capital to each phase and allowed leadership to focus on execution.”

Most financing needs call for one of the three types of capital.

1. Funding for day-to-day operations and cash flow management usually calls for short-term financing solutions like lines of credit and commercial card programs.
2. Funding for growth, expansion, and transitions may be covered by longer-term solutions like term loans and could include acquisition financing, syndicated loans, and more.
3. Funding for real estate and physical infrastructure involves more specific loan types, such as commercial real estate loans and equipment financing loans and lines of credit.

Rhodes says working capital is the most common type of financing Truist relationship managers discuss with clients, followed closely by acquisition financing, equipment financing, and commercial real estate. However, he says, common needs don’t always benefit from identical financing solutions. He emphasizes the importance of working with a financial partner who understands your business model, cash flow, and growth strategy, and can tailor terms and structures to meet your individual needs.

“Truly custom financing isn’t just packaged differently; it behaves differently,” says Rhodes. “It reflects cash flow realities, aligns with strategy, preserves flexibility, and evolves as the business evolves.”

Nearly 75 percent of financial executives say it’s important for banks to offer tailored products and services to address client needs.

Source: EY’s Voice of the Treasurer survey (2024)

The bottom line

Businesses have diverse and often complex financing needs, but effective capital strategies align the right mix of funding types to specific goals, such as cash flow optimization, expansion, or transition. The most successful outcomes stem from customized financing solutions that reflect a company’s cash flow, growth strategy, and evolving needs.

Aligning capital with strategy

What financing solutions could fit your capital needs? This chart can help you start the conversation with your relationship manager.

When your goals outgrow traditional financing, you might be ready to enter capital markets.

Read our Truist Purple Paper® Guide to Capital Funding for insights and advice.

Capital need	Solution	Benefits
Funding for day-to-day operations and cash flow management	Working capital line of credit	Helps bridge timing gaps between receivables and payables, ensuring steady liquidity across business cycles
	Asset-based lending	Enables you to convert accounts receivable, inventory, or equipment into immediate working capital
	Commercial card program	Allows you to extend days payable and align payments with receivables while using real-time spend tracking to enhance financial visibility
Funding for growth, expansion, and transitions	Small Business Administration (SBA) loan	Designed to expand the pool of capital for businesses that don't meet traditional lending criteria with preferred rates, longer terms for repayment, and lower down payments
	Acquisition financing	Available as a term loan that can be tailored to accommodate the needs of acquisitive businesses, with minimal underwriting for target companies that meet predetermined thresholds
	Syndicated loan	Brings together multiple lenders to enable access to larger loan amounts than a single lender can provide
	Employee stock ownership plan (ESOP) financing	Enables owners to sell all or part of their business in a structured, gradual transition while enjoying tax efficiencies and employee retention benefits
Funding for real estate and physical infrastructure	Commercial real estate financing	Allows you to acquire, develop, or refinance property without tying up working capital and offers predictable repayment that supports cash flow planning
	Equipment financing	Available as a term loan or line of credit to match the company's purchasing frequency. Infrequent buyers may prefer term loans with longer financing structures; frequent buyers may appreciate having readily available cash from a line of credit.

The cost of getting it wrong

When financing doesn’t match business objectives, momentum suffers.

Growth requires the flexibility to pivot when conditions change. Aligning the structure and duration of financing with the purpose it’s meant to serve can help protect cash flow and liquidity, allowing you to make investments or acquisitions when opportunities arise. Mismatched financing, however, can force business leaders into making reactive decisions.

“It’s like matching a tool to a job,” says Jim Geuther, Kentucky, Ohio, West Virginia, and Western Pennsylvania regional president at Truist. “Companies need to consider the purpose, timing, and risks of what they’re trying to accomplish, not just the loan structure and rate, which often dominate decision-making processes.”

Finding the right financing fit often starts with matching short-term needs with short-term financing, such as a line of credit, and long-term needs with long-term financing, like a term loan. DeVon Lang, North Texas regional president at Truist, puts it into perspective. “The example I always use is if you’re financing IT equipment or computers, you wouldn’t want to use a 10-year loan, because the risk of obsolescence is too high,” he says. “There’s a very short useful life for that equipment, and long-term financing would limit your flexibility down the road when you need to replace it.”

It’s also important to ensure that financing terms fit your company’s ability to pay. When terms are mismatched, it can be difficult for lenders or potential investors to get a proper read on your company’s health. For example, if you have long-term debt but aren’t paying it down over time, your cash flow may look strong—but Truist relationship manager Alex Cooper says that’s a false positive. “Eventually, that debt will need to be repaid, and the company may not be in as good a position as it seems,” he says.

On the other hand, if a company is paying down its debt too aggressively—especially using money needed for day-to-day operations—it can create unnecessary cash strain and limit the company’s ability to invest and grow.

Lang encourages companies to think of financing as a strategic tool to help support and drive enterprise value—and not just a source of capital. “The right financing puts you in the best position to be able to grow your business,” he says.

“Companies need to consider the purpose, timing, and risks of what they’re trying to accomplish, not just the loan structure and rate, which often dominate decision-making processes.”

Jim Geuther
Kentucky, Ohio, West Virginia, and Western Pennsylvania Regional President, Truist

Common financing pitfalls to avoid

When financing and needs are mismatched, it's often because company leaders fell into one of these familiar traps.

1. Choosing cost over flexibility

Lang says one of the biggest challenges he sees is getting business leaders to shift their mindset to think about financing from a strategic standpoint, versus a purely transactional one. That means focusing less on price and more on structure and long-term impact.

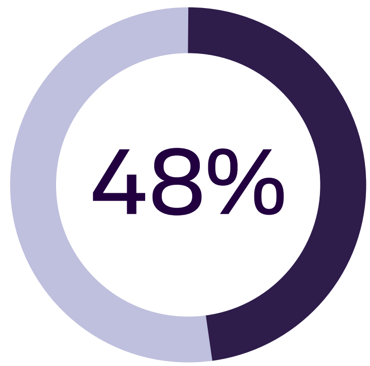
"Often, business leaders default to the loan option that's cheapest, which may not always be the best solution for the long term," says Lang. "We focus on having conversations with business leaders to help them think through what's best for both the short- and long-term—even if it's not the cheapest right now."

The problem is that cheap capital doesn't stay cheap. It becomes expensive when it limits a company's choices. "Low-cost capital often comes with tight covenants and rigid amortization, which force a company to make more reactive decisions," says Geuther. "They begin to operate their business by virtue of what the structure of their loan might be, as opposed to working strategically toward their goals."

Rhodes adds, "The right capital should move with the business, not force the business to contort around it."

> "Often, business owners default to the loan option that's cheapest, which may not always be the best solution for the long term."

DeVon Lang
North Texas Regional President,
Truist



Forty-eight percent of finance leaders say planning for external challenges is a top priority.

Source: Deloitte Finance Trends 2026

2. Not considering your lifecycle stage

Where you are in your business lifecycle can also influence your financing needs. Because companies in the same stage tend to share similar goals, needs, and challenges, understanding those commonalities can help your banker develop customized financing solutions for each stage.

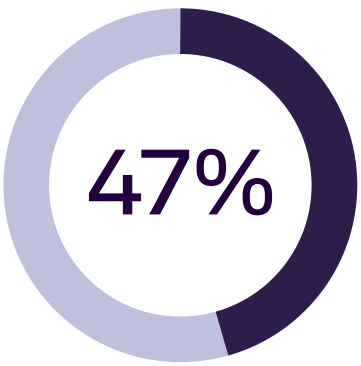
"We know that early-stage companies need to focus on maintaining flexibility and runway cash," says Rhodes. "Growth-stage companies need scalability and working capital, while established companies focus on efficiency and optionality, and transition-stage businesses require structure and certainty."

Financing that doesn't match the needs of your lifecycle stage could end up thwarting your plans. Cooper adds, "I've seen companies that wanted to sell, but because of mismatched financing, they couldn't get the multiple they wanted. Potential buyers didn't want to take on their debt profile. They could have avoided that situation by working with a banker that understood the implications of their lifecycle stage and company goals."

3. Underestimating working capital needs during growth

The old saying "It takes money to make money" is certainly true when it comes to growing a business. "Growth consumes cash, whether it's through receivables, inventory, labor, or other investments," says Geuther. "So, a company can look healthy but be cash poor."

The key is balancing long-term growth financing with day-to-day cash flow needs. "Too many companies confuse profitability with liquidity," adds Rhodes. "A business can be profitable on paper and still experience cash strain. It's important to remember debt is repaid with cash flow, not EBITDA."



Forty-seven percent of CFOs rank allocating capital to new growth opportunities among their top five urgent actions.

Source: Gartner 2026 CFO Top Priorities

Geuther recommends scenario planning to ensure you're considering every possible risk factor in your company's growth plan. "Many business leaders tend to underestimate volatility and overestimate predictability," he says. "They might provide a model for what they think their growth forecast is going to be, and our job is to test those assumptions by adding volatility to the scenario."

A banking partner who knows your industry, your market, and your business can help you build a financing structure that gives you access to liquidity when things don't go exactly as planned.

4. Overlooking the fit among covenants, cash flow, and loan terms

Another common financing pitfall is misalignment between a company's repayment capacity and the structure of its debt. When loan terms don't reflect cash flow realities, even strong businesses can face unnecessary liquidity pressure.

"Liquidity is critical to maintaining operating flexibility at any stage of growth," says Geuther. "Short-term repayment demands tied to longer-term investments can quickly strain working capital and limit strategic options."

This risk often increases when loan covenants are not fully understood. As Rhodes explains, many leaders treat covenants as one-time checkpoints rather than ongoing requirements—especially during periods of change like acquisitions or integrations. Without testing how covenants hold up under different scenarios, businesses may unintentionally breach their terms.

Together, these issues highlight the need for a holistic look at financing—aligning repayment structures with cash flow timing while anticipating how covenants will perform under real-world conditions.

5. Failing to account for industry-specific volatility

Industry dynamics are often overlooked when making financing decisions. Yet factors like cyclicality, regulation, technological change, and growth trends all play a critical role in determining the right capital structure. Financing that works well in one sector may create unnecessary pressure in another.

In highly cyclical industries like construction, for example, taking on heavy term debt during strong periods can create risk when conditions shift. That's why Cooper emphasizes the importance of partnering with a financial institution that has a history of financing companies in your industry.

"If your bank doesn't understand the ups and downs of your industry, they could just keep giving you cheap capital when performance is strong, thinking that's going to hold up for a long time. And then if you're not properly amortizing that debt, you could become overleveraged."

Lenders with industry experience can help anticipate volatility, structure appropriate repayment terms, and build in flexibility for changing conditions. Without that perspective, companies risk adopting financing that looks attractive in the short term but doesn't hold up under real-world dynamics.

"If your bank doesn't understand the ups and downs of your industry, they could just keep giving you cheap capital when performance is strong, thinking that's going to hold up for a long time."

Alex Cooper
Truist Relationship Manager

The bottom line

Choosing the right financing means aligning structure, timing, flexibility, and industry context with your business needs. Equally important is working with a financial partner who understands your industry and can help you navigate its complexities over time.

When financing is mismatched, it can constrain growth, distort your financial health, and force reactive decisions that undermine long-term value.

Client case studies

Putting custom financing solutions to work

See how Truist helped these clients successfully align their financing with their business objectives.

Yummy Açaí

Industry: Food and agribusiness

Capital need: Equipment financing

The situation

- Yummy Açaí leased a building to house the manufacturing of its smoothie bowl bases but needed to upfit the building with açaí-specific equipment, such as mixers, blenders, and freezers.
- Because much of the equipment is custom, it would have a lower resale value and not serve as a strong asset for banks to lend against.

The solutions

- Truist split the equipment funding into two solutions: a line of credit and a term loan.
- The equipment line is secured by assets that hold their value, while the term loan gives the company room to finance the more custom pieces that don't appraise well but are critical to how they operate.

Willow Designs

Industry: Asphalt road construction

Capital need: Construction financing

The situation

- As the business grew, Willow Designs bought land to build a bigger facility to manufacture equipment for asphalt road paving machinery.
- Liquidity constraints meant the 20% down payment required for a conventional term loan was out of reach for the company.

The solutions

- The company's relationship manager provided education and resources for SBA loans, which only require a 10% down payment.
- The Truist team secured the loan after advising the company on how to improve collections to raise money for a down payment and to cover a lower-than-expected appraisal.

Read Willow Designs' story

Albers Aerospace

Industry: Defense contracting

Capital need: Acquisition financing

The situation

- Albers Aerospace launched an ambitious acquisition strategy that helped the company add capabilities, gain customers, and increase market share.
- The company needed a financial partner with the depth and resources to provide funding and strategic advice.

The solutions

- Truist provided a $35 million credit facility to refinance debt and fund acquisitions, followed by a $60 million syndicated credit facility to support acquisitions and working capital.
- Some funds are earmarked for smaller acquisitions that meet certain criteria. The funding structure allows Albers to facilitate those acquisitions quickly, with minimal underwriting, so the company can grow at its own rate.

Read Albers Aerospace's story

Orange Tree Staffing

Industry: Staffing services (healthcare and education)

Capital need: Working capital

The situation

- When Orange Tree Staffing decided to stop outsourcing payroll, the company needed a new line of credit to cover payroll funding.
- Because the company places health professionals in school districts, its cash flow is tied to the school year, leaving accounts receivable tight in the summer months.
- Other banks offered a borrowing base tied to accounts receivable, which didn't fit Orange Tree's unique cash flow cycle.

The solutions

- Truist created a working capital line of credit that wasn't tied to a borrowing base.
- The company can bring the line of credit down to a zero balance in the summer and still have access to funds when the school year begins.

National Association of State Procurement Officials (NASPO)

Industry: Nonprofit

Capital need: Asset-based lending

The situation

- NASPO seized an opportunity to increase awareness of its mission by providing a $35 million gift that established the NASPO Department of Supply Chain Management at Arizona State University.
- The organization needed to raise funds for the gift while preserving its $160 million endowment that pays for its programs supporting procurement professionals.

The solutions

- Truist created a $25 million term loan secured by the endowment to ensure a low interest rate, leaving NASPO's investments in the endowment to continue earning interest. NASPO funded the remaining $10 million out of operating cash.
- With a competitive interest rate on the loan and the endowment earning a healthy annual return, NASPO estimated it could save more than $1 million over five years compared to pulling the entire $35 million from the endowment.

Read NASPO's story

Higley Construction

Industry: Commercial construction

Capital need: ESOP financing

The situation

- Family-owned Higley Construction wanted to make a gradual ownership transition while supporting employees and preserving the 100-year-old business's culture.
- Because the construction industry is cyclical, construction companies are not typically ideal candidates for highly leveraged ESOP structures.
- Traditional lending approaches undervalue construction receivables and rely on rigid borrowing formulas that don't reflect strong backlog and cash flow.

The solutions

- Truist structured a $5 million term loan to fund the ESOP transaction, enabling a partial ownership transition while maintaining the company's independence.
- The team customized covenants and leverage levels to reflect the realities of a construction business and the long-term ESOP lifecycle of paydown and releverage.
- Truist also designed a flexible $5 million line of credit that removed traditional formula constraints and aligned with Higley's strong backlog and limited usage needs.

Why more owners are turning to ESOPs

Truist North Texas regional president, DeVon Lang, says he's seeing the number of businesses creating employee stock ownership plans (ESOPs) rising in his region. And the aging baby boomer generation is the driving force.

"Business owners are reaching retirement and looking for the right exit strategy," says Lang. "They're weighing legacy, taxes, and employee impact alongside valuation."

Truist relationship manager Charles Sorbello helps companies finance ESOPs. He says they're common among businesses where no clear internal or family successor exists. They provide an alternative to a sale that helps preserve culture and brand identity.

"For many owners, it's not just about selling the business. It's about preserving their legacy and reputation while taking care of their people," Sorbello says. "An ESOP offers a middle ground between selling outright and staying fully invested indefinitely."

ESOPs come with several benefits:

- For employees – The opportunity to earn shares over time and build significant retirement wealth
- For owners – The ability to take liquidity gradually and defer or eliminate certain taxes
- For the business – Increased employee retention and engagement, enhanced reputation, and an impact on federal corporate taxes

Financing an ESOP typically involves an initial bank term loan based on cash flow, with the remaining value structured as a seller note. The bank can then structure multiphase refinancing as the debt is paid down.

"ESOP financing is more complex than traditional lending because you're balancing company performance, debt, and long-term ownership transition," says Sorbello. "Strong, stable companies are the best candidates because the structure relies heavily on predictable cash flow."

Want to know more about ESOPs? Read this article about what it means to become employee owned.

"For many owners, it's not just about selling the business. It's about preserving their legacy and reputation while taking care of their people. An ESOP offers a middle ground between selling outright and staying fully invested indefinitely."

Charles Sorbello
Truist Relationship Manager

6,411

Number of companies with an ESOP in the United States

Source: National Center for Employee Ownership

How Truist can help

The Truist Business Lifecycle Advisory approach puts your needs first.

When making decisions about how to finance your company's initiatives, it helps to have a financial partner who understands your needs. That's the core principle of the Truist Business Lifecycle Advisory approach.

"At Truist, we start with the business, not the product," says Rhodes. "We look at where a client is today, where they want to go, and what could get in the way."

When it comes to financing decisions, that means taking a holistic view of a business's capital structure, considering their debt, equity, liquidity, risk tolerance, downside scenarios, and ownership goals. Truist relationship managers also factor in what they know to be common needs among businesses in the same lifecycle stage. Companies in the early and growth stages have different needs from mature businesses, while companies moving toward a sale have another set of needs.

"And then you may have a situation where an early-stage company is also looking to sell," says Lang. "So, you really have to ask the right questions because it may not be as clear cut as you think."

That's also why Truist relationship managers prioritize having deep conversations with clients—to understand what they're ultimately trying to accomplish and help them think through the benefits and drawbacks of specific approaches. They also layer in industry specialization teams that can provide in-depth competitive insights and help mitigate financial risks.

"Our effort to deeply understand each client's business helps us create and provide customized solutions," says Geuther. "It enables us to listen more astutely to what clients are saying about what's happening in their industry, because we have specialists who follow and track their language and go to the same conferences."

As the relationship progresses and a client's needs become more complex, Truist relationship managers can bring in additional expertise. Investment banking specialists from Truist Securities can guide clients through initiatives like mergers and acquisitions and recapitalizations, ensuring they experience continuity across the full spectrum of capital.

7 questions your relationship manager might ask to determine the right financing for you

1. What do you want your business to accomplish in the next three to five years?
2. What concerns you most right now: short-term cash flow or supporting long-term growth initiatives?
3. What does your cash flow look like under both growth and contraction scenarios?
4. How much variability or seasonality exists in your business?
5. What risks would be most disruptive to your business?
6. Are you in a period of stable growth, rapid expansion, or transition?
7. Where do you feel constrained by your current financing?

The bottom line

By treating financing as an integrated component of strategy—rather than a stand-alone transaction—companies can preserve liquidity, maintain flexibility, and ensure that their capital structure supports, rather than constrains, long-term growth.

Explore financing options aligned to your business. Speak with your Truist relationship manager or fill out our contact form.

Contributors

Alex Cooper
Relationship Manager, Truist

With more than 20 years of commercial banking experience in Northeast Ohio, Alex Cooper has built a reputation for delivering thoughtful financial solutions and cultivating strong client relationships. Since joining Truist in 2024, Cooper has focused on helping middle market companies in the region achieve their growth and strategic objectives.

Cooper holds a Bachelor of Science in finance from Miami University and an MBA from Case Western Reserve University.

Jim Geuther
Kentucky, Ohio, West Virginia, and Western Pennsylvania Regional President, Truist

Jim Geuther joined Truist in 2017 to lead the firm's commercial and middle market expansion in the Midwest. He now serves as the senior market leader for Truist's Tri-States region, directing the commercial business and delivering the full breadth of Truist's capabilities and services to clients.

Geuther holds a Bachelor of Science degree from Miami University and an MBA from the Weatherhead School of Management at Case Western Reserve University.

DeVon Lang
North Texas Regional President, Truist

DeVon Lang began his Truist career in 2010 and has been leading Truist's North Texas region since 2023. In this role, he drives disciplined growth, deepens client relationships, and brings together partners across Commercial Banking, Corporate & Investment Banking, Wealth, and specialized advisory teams to deliver coordinated, holistic solutions.

Lang holds a Bachelor of Science in finance from Louisiana State University and an MBA from the Bauer College of Business at the University of Houston.

Travis Rhodes
North Carolina West Regional President, Truist

A North Carolina native, Travis Rhodes held Truist leadership roles across the Carolinas before being named regional president for Pennsylvania and New Jersey in 2023. He took on the role of North Carolina West regional president in 2025 and is now responsible for directing commercial business and overseeing the full complement of Truist's services in his home state.

Rhodes holds degrees from Appalachian State University and the Louisiana State University Graduate School of Banking.

Charles Sorbello
Relationship Manager, Truist

Charles Sorbello is a commercial relationship manager at Truist, partnering with emerging middle-market businesses to provide strategic financing, treasury management, and tailored banking solutions.

He is committed to building long-term client relationships and helping businesses achieve their growth objectives.

TRUIST Commercial

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- May Lose Value

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