

# Getting Your Business Through a Volatile Market

A conversation with Synovus middle market bankers Tom Sawyer and Joe Grass

## 1. From labor shortages to inflation, there's a lot on business owner minds. What are the main factors driving it?

Supply and demand imbalances. From housing to manufacturing to energy, we are short certain supplies to fully meet demand. Supply chain disruptions have exacerbated an inflationary environment. We have an international manufacturing client with hundreds of shipments waiting to go, but they're short one input they can't source. So, their shipments are stalled and, in some cases, sitting in ports, costing them money.

And it's not just affecting small businesses. Builders in Florida are struggling to secure ductwork, flooring, and other materials in a timely manner. This creates a cycle where companies are bidding up to get materials first, which resets the price of those items and eats into everyone's margins.

Between COVID-19 and the war in Ukraine we somehow hit a perfect storm on all fronts from logistics, supply to employment costs.

## 2. How is this problem affecting businesses in your markets specifically?

For some of our clients, revenue is up, but profitability is down, along with some strains on working capital. We see it across the board, regardless of industry, because everyone is paying more to get the products they need. And even then, there's no guarantee you'll get

what you ordered when needed. We know a restaurant franchisee who sometimes doesn't receive necessary ingredients, which forces him to pull items from the menu.

It's also been a difficult time for businesses that fulfill multi-year contracts. We're coming out of a decade-long low inflation and interest rate environment, and if you committed to delivering products or services two or three years out, you could be upside down. When you boil it down, many business owners have less predictability, and now we can see how invaluable that is.

## 3. What is Synovus doing to help companies stay ahead in this volatile environment?

We're looking to partner with more complex businesses. We are investing in people and infrastructure. Our craft is building financing plans that fit a company's business plan, and we're not putting that on hold.

There are business owners concerned that banks might be getting jittery. But we're in a growth mode. We're not running from risk; we're walking towards it with cautious optimism. We can pull that off because, across Synovus, we're committed to gaining a deep understanding of our client's industries and their business objectives. When you have that, you can continue to make thoughtful investments and create opportunities, even in times like these, while helping businesses navigate their way to the other side.

## 4. What makes Synovus' solutions uniquely compelling for businesses right now?

That's easy: we work with speed and certainty. That doesn't mean we take shortcuts. But our teams are empowered to use common sense to deliver solutions at the pace that businesses need them. This requires that we have a deep understanding of the company and industry.

Recently, we met with a prospect that needed to close a large credit facility in several weeks. Their current bank couldn't make the deadline. Because our bankers are credit savvy and our credit support is local, we were comfortable with the timeline.

We can do this for a couple of reasons. First, our banking model is flat, nimble, and structured to enable our people at the local level to make decisions. Also, our credit team isn't off somewhere else. They work alongside us, as does bank leadership, which allows us to move quickly while providing clients with more visibility with our entire team. We appreciate what businesses are going through now, and the last thing we want to do is hinder their plans. We're here to help them reach their goals, and regardless of these unpredictable times, that hasn't changed.

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