



SPRING 2026

MADE ON LONG ISLAND

As we launch this inaugural newsletter, it is worth reflecting on what Ignite Long Island represents and why its mission matters. Ignite was created to bring together leaders across manufacturing, business, education, and government with the shared and critical objective of strengthening the economic foundation of Long Island in a way that is coordinated, forward-looking, and built to last.

At its core, Ignite is about alignment. Our region is blessed with innovative companies, a skilled workforce, and a deep history of industrial and technological achievement. Realizing that potential requires more than individual success; it requires connection, collaboration, and a willingness to engage across sectors. That's where Ignite comes in.

The introduction of the Business Advisory Council is one example of how we continue to evolve that mission. The BAC was formed to create new ways for experienced professionals to engage directly with the needs of our manufacturing community. These folks know manufacturing and are willing to share their expertise to grow the Long Island ecosystem and our businesses. Their goal, and Ignite's, is to support growth, address challenges, and ensure that Long Island remains competitive in an increasingly complex economic landscape.

This newsletter is intended to keep that dialogue active. We encourage your participation, your perspective, and your continued commitment to the shared work of strengthening our region.

David Thuro
Thuro Metal Product, Inc.
Co-Chair, Ignite Long Island

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Upcoming Events

May 7th 4:30pm - 6:30pm

Ignite LI Business Advisory Council Manufacturing Leadership Exchange @ Jameson's Bar and Grille

May 12th 8:00am - 11:00am

Cybersecurity Summit @ NYIT Mollie Rogers Auditorium

June 9th 3:00pm - 5:00pm

Ignite Connector Series @ GSE Dynamics

September - Date TBD

How to Scale Your Business Event
Date/Location TBD

October 5th

Annual Golf Outing @ Nissequogue Golf Club

What You're Really Signing

Hidden Legal Risks in SBA and Commercial Financing

By Anthony C. Acampora – Acampora Law

After more than four decades advising manufacturers, I have seen a consistent pattern: financing decisions are evaluated for cost, but rarely for structure. Interest rate, term, and payment get attention. The provisions that actually define control such as guarantees, collateral scope, cross-default triggers, covenant thresholds are often disregarded. Those provisions matter as much as the financial terms because they extend exposure into personal assets and limit future flexibility.

Personal Guarantees: Extending Risk Beyond the Entity

Most SBA and commercial loans require personal guarantees. If the company cannot perform, the obligation shifts to the individual. These guarantees are typically unlimited and enforceable against personal assets—savings, investments, and sometimes real estate. The entity creates separation from personal liability but the guarantee puts it back. When assets are jointly owned, lenders often require a spouse's signature even if the spouse is not involved in the business. The family residence is frequently implicated. Before signing, understand what is actually exposed, explore whether a cap on the guarantee liability can be negotiated as well as whether release provision can be implemented after performance benchmarks are met. Any leverage that the business owner may have exists before pen meets paper, not after.

Scope of Collateral: Control Follows the Lien

An "equipment loan" is often assumed to be secured by that equipment. It is but lenders frequently require a blanket lien over substantially all of the company's assets including equipment, inventory, receivables, cash, and real estate. A blanket lien centralizes control with a single lender and can limit future access to capital. Before closing, determine whether the lien is specific or blanket, and whether flexibility for future financing has been preserved.



Cross-Collateralization and Refinancing Friction

Some agreements tie multiple facilities together, so collateral securing one loan secures others with the same lender. That means that all assets are at risk in the event of a default. It also means that paying down one obligation may not release assets if another remains outstanding. Refinancing can require retiring several facilities at once. What appears straightforward at closing can become restrictive later when you try to refinance or expand your business.

Contract Assignability and Customer Concentration

Manufacturers often operate with meaningful customer concentration. Lenders recognize this and may require notice if a key contract is lost, or restrict assignment of receivables, or tie covenants to concentration thresholds. The loss of a major customer can trigger covenant pressure even if the business remains viable. Before signing, assess that exposure, understand reporting obligations, and confirm whether contracts allow assignment or factoring if needed.

Environmental Due Diligence

Industrial property carries environmental risk. SBA and commercial real estate loans typically require environmental review, beginning with a Phase I assessment. The borrower bears the cost. Findings can delay closing, require remediation, or change economics. Liability may attach even for historic conditions. Borrowers like to minimize the environmental issues, especially if they have been at location for decades. For lenders, a clean environmental is a threshold issue.

Cross-Default and Covenant Discipline

Cross-default provisions allow a default under one agreement to trigger default under another. A missed payment on one facility can accelerate others. Financial covenants like coverage ratios, net worth, and working capital, must be maintained continuously. Temporary disruption can create a technical default even when payments are current.

Measured businesses read beyond the term sheet. They ask direct questions about guarantees and collateral. They evaluate flexibility, not just liquidity. They align financing with strategy and involve legal, accounting, and financial advisors before execution. Interest rate and term determine cost but structure determines control.

Want Better Financing for Upgrades?

The Case Gets Built on the Shop Floor

By: Jonathan Goldstein - MJK Industries LLC.

When manufacturers start thinking about financing automation, equipment upgrades, or digital integration, the instinct is to focus on the lender conversation. In practice, most of what determines the outcome happens well before that meeting. It comes down to how the operation is run and how clearly that performance can be translated into numbers.

Lenders are assessing risk. The more effectively you can demonstrate operational discipline, margin consistency, and realistic growth capacity, the more confidence you create. That confidence typically translates into better terms, smoother approvals, and sometimes access to capital that might not otherwise be available.

The first step is building a credible return profile before asking for financing. A common mistake is leading with the equipment itself—what it is and what it costs. That's not what drives a lending decision. What matters is what the investment does to the business.



A solid ROI model should address total cost, including installation, training, and any disruption during transition; the expected savings or incremental revenue; the timeframe over which those benefits are realized; and the impact on margins. For example, a mid-sized job shop evaluating a \$280,000 automation investment might find it reduces labor per part, lowers scrap, and opens access to higher-value work. If the payback is roughly two years, that becomes a business case rather than a capital request—and lenders respond accordingly.

Operational improvements should also be reflected in financial terms. Many manufacturers have implemented lean initiatives—5S, waste reduction, process improvements—but the results are not always clearly presented externally. Reduced cycle times, lower work-in-process inventory, and improved delivery performance all affect cash flow and margins. A business moving from a 6% net margin to 9% through incremental improvements presents a very different profile to a lender. That progression builds credibility over time.

Capacity utilization is another key factor. Lenders want to know whether additional capital will be used productively. If the business is already operating near capacity with a solid pipeline, the case for expansion is straightforward. If utilization is lower, the focus shifts to how the investment will generate demand or improve competitiveness. Either way, having a clear and supportable view of current utilization is essential.

Digital investments are increasingly viewed as indicators of control rather than discretionary spending. ERP systems, production monitoring, and predictive maintenance tools signal that the operation is being actively managed. A manufacturer

that can demonstrate visibility into performance—through real-time data or consistent tracking—reduces perceived risk. Full implementation is not required; even partial systems, if used consistently, help establish that discipline.

When engaging with a lender or advisor, clarity is what separates a strong presentation from a weak one. The most

effective discussions are supported by a straightforward package: a clear description of the investment and its purpose, a practical ROI model with reasonable assumptions, current and projected financial metrics, and evidence of operational discipline. This does not need to be overly complex, but it does need to be coherent and internally consistent.

Operational discipline ultimately becomes a financing strategy. The companies that secure the most favorable terms are not always the largest or the most profitable. They are the ones that can clearly explain how their business operates, support that explanation with numbers, and demonstrate consistency over time.

If an upgrade is planned within the next 12 to 24 months, the work should begin now. By the time you sit down with a lender, the case should already be built.

Choosing the Right Financing Structure for a Manufacturing Business

By Darren Cioffi — Fractional CFO Contributor

Choosing the right financing structure in a manufacturing business isn't about getting approved. It's about whether the structure actually fits how the business runs.

I've seen plenty of manufacturers that look strong on paper—profitable, growing, doing everything right—and still dealing with ongoing cash flow issues. In most cases, it's not performance. It's structure. The debt doesn't match the operating cycle, and over time that creates strain.

When the structure is right, debt supports the business. When it's not, you see it in stressed cash flow, less flexibility, and added risk.

A common problem is mismatching the term of the debt with the life of the asset. It's basic, but it gets missed. If you're financing equipment that produces value over seven to ten years, the debt should match that. Same with owner-occupied real estate. Short-term debt on long-term assets forces cash out faster than the asset produces it. That gap shows up quickly.

Working capital needs to stay flexible. Lines of credit exist to cover timing gaps—payroll, receivables, inventory. When a line stays maxed out, that's not timing—it's structure. It usually means something deeper isn't working and needs to be fixed.

Not all financing options do the same thing, and using them interchangeably is where businesses get into trouble. SBA 7(a) loans work for acquisitions and expansion because they're flexible and give you time. SBA 504 loans make more sense for real estate and large equipment where you want long-term stability. Asset-based lending can help if you have strong receivables and inventory, but availability moves with the business. Equipment financing should match useful life. Lines of credit should stay short-term. None of this is complicated, but it does require discipline.

A 13-week cash flow forecast isn't optional. It's one of the most useful tools a manufacturer has. This business is cyclical. You need to see what's coming. Weekly visibility into inflows and outflows makes it easier to spot problems early. Most cash flow issues don't hit all at once—they build.

Seasonality and variability need to be accounted for. Manufacturers often spend on inventory and production well before

Risk Management Requirements That Impact Loan Approval for Manufacturers

By Alex Sarkin – Industrial Coverage

In manufacturing, lenders are not just underwriting financial performance. They are evaluating whether the operation can continue producing after a disruption. The question is not simply whether the business is profitable today, but whether it can recover from a loss event without jeopardizing repayment.

That is where risk management—and specifically insurance—comes into focus. A well-structured program protects both the physical assets and the cash flow that supports the loan. Gaps in coverage,

revenue comes in. Add supply chain issues—longer lead times, cost swings, payment delays—and the pressure increases. If the structure doesn't have enough capacity, it will break under that weight.

Debt layering is where things usually start to unravel. Businesses stack on short-term fixes—merchant advances—frankly, one of the more expensive ways to borrow, and often a sign you're solving the wrong problem—on top of existing loans. Then maybe another note, another piece of equipment financing. Individually, each decision feels justified. Together, they create a fixed burden the business can't support. If the capital isn't improving output or margins, it's a problem.

Lenders aren't just looking at collateral. They're looking at how the business runs. Margins, overhead, inventory turns, receivables, debt service—those all matter. So does consistency. If your numbers move around or your forecasts don't line up with reality, your options get limited.

At the end of the day, debt isn't the issue. Structure is.

If it matches how the business operates, it supports growth and stability. If it doesn't, it creates pressure that builds over time.

The goal isn't just to get financing. It's to get it right.



inaccurate valuations, or a history of unmanaged claims tend to slow approvals, introduce additional conditions, and, in some cases, delay closing altogether.

From a lender's perspective, insurance functions as part of the overall credit support. It signals whether the business can rebuild, restart operations, and maintain continuity without draining working capital. It also reflects how the business is managed. Strong programs are typically supported by consistent safety practices, maintenance discipline, and basic operational controls.

Property coverage is one of the first areas lenders review, and it is often where issues arise. The expectation is that both the building and business property are insured at replacement cost—what it would actually take to rebuild—not market value or depreciated book value. If limits are understated, lenders will require adjustments before proceeding. Business interruption coverage is equally important. Many manufacturers underestimate how long it would take to resume operations after a loss, particularly where specialized equipment or supply chain constraints are involved. Optimistic assumptions—such as a 30-day recovery period—rarely hold up in practice.

Flood exposure can also become a gating issue. If a property is located in a designated flood zone, lenders will typically require separate flood coverage. This is often where timing becomes a factor, as flood policies and lender-specific documentation can take longer to secure. Addressing these requirements early in the process helps avoid delays as closing approaches.

Equipment valuation is another area that deserves attention. Lenders are advancing against the operational capacity of the business, not the accounting value of its

assets. In many cases, older equipment may carry little or no book value but remains essential to production. Replacing that equipment—particularly specialized or long-lead items—can be both expensive and time-consuming. Maintaining an up-to-date equipment schedule and insuring those assets at realistic replacement cost is critical. Equipment breakdown coverage should also be in place, along with business interruption assumptions that reflect actual replacement timelines.

Cyber risk has become a more prominent consideration in recent years. For manufacturers relying on ERP systems, production software, and digital communication with vendors and customers, a cyber event can halt operations just as effectively as a physical loss. Lenders increasingly view basic cyber controls as part of operational discipline. Multi-factor authentication, tested backup systems, and verification procedures for payments are now standard expectations. Insurance coverage should align with these exposures and support system recovery and, where applicable, business interruption.

Claims history also plays a role in how both lenders and insurers assess the business. An isolated loss is generally understandable. A pattern of frequent claims, even if individually small, suggests gaps in controls. Where losses have occurred, it is important to demonstrate what has changed—whether through improved maintenance, enhanced safety practices, or operational adjustments.

In smaller and mid-sized manufacturers, lenders may also focus on key-person risk. If the business relies heavily on one individual for customer relationships, operations, or decision-making, key-person insurance may be required as a condition of financing. This is typically structured to provide the business with liquidity to stabilize operations if that individual is no longer available.

Ultimately, strong risk management is not just about satisfying a lender. It is about ensuring the business can withstand disruption and continue operating. From a financing perspective, the process tends to move more efficiently when these elements are addressed in advance. It reduces friction, builds confidence, and supports a smoother path to closing.

SBA Loan Readiness: Positioning Your Business for a Successful Outcome

By: Matthew Thompson and Brandon Kaley,
Morgan Stanley

When business owners begin exploring SBA financing, most of the focus tends to center on loan size, rate, and structure. In practice, what often determines the outcome is how well the business is positioned before the application is ever submitted.

From an advisory standpoint, SBA readiness is less about assembling paperwork at the last minute and more about presenting a business that is internally consistent, financially disciplined, and easy for a lender to understand and underwrite.

One area that is frequently overlooked is NAICS classification. This is more than an administrative detail. SBA size standards are tied directly to NAICS codes, and misclassification can affect eligibility or delay underwriting. The key is to align the selected code with the company's primary revenue stream; not with its future direction or some secondary activity. Just as important is consistency. The NAICS designation should match across tax filings, state records, banking relationships, insurance policies, and SBA documentation. Discrepancies in something this fundamental tend to raise unnecessary questions early in the process.

Financial statement quality is another critical factor. Lenders are not simply reviewing historical performance—they are evaluating the reliability of the information presented. That requires some level of normalization before the file is submitted. Owner compensation should be adjusted to reflect a sustainable level, rather than minimized for tax purposes. One-time or non-recurring expenses should be clearly identified. Personal and business expenses need to be fully separated, and the cash or accrual accounting methodology should be applied consistently. These are not cosmetic adjustments; they are essential to presenting an accurate picture of cash flow.



Debt service coverage remains one of the primary metrics in SBA underwriting. Most lenders are looking for a ratio of at least 1.25x, meaning the business generates sufficient cash flow to comfortably cover its debt obligations. There are often practical steps that can improve this metric prior to application. Paying down short-term or high-payment debt, refinancing expensive equipment loans, or deferring discretionary capital expenditures can all have a measurable impact. In addition, appropriate add-backs like depreciation, amortization, and clearly identifiable non-recurring expenses should be thoughtfully incorporated. The objective is not to overstate performance, but to present it accurately and in context.

Clarity around the capital structure is equally important. Lenders want to understand where the equity in the transaction is coming from and how stable that capital is. Funds that have been in place for a period of time (generally at least 60 days) are viewed more favorably than last-minute deposits. Retained earnings on the balance sheet and prior owner contributions help establish credibility. On the other hand, equity injections sourced from borrowed funds or unexplained deposits introduced shortly before closing tend to complicate the process and invite additional scrutiny.

For clients navigating this process, the value of coordinated advisory support should not be underestimated. Through

Morgan Stanley's relationship with Newtek, one of the largest SBA lenders in the United States, clients have access to a structured approach that combines capital solutions with guidance throughout the underwriting process. Available financing typically includes term loans ranging from \$50,000 to \$15 million, with amortization periods extending from 10 to 25 years. These structures are commonly used for business acquisitions, commercial real estate, refinancing and consolidation, and general working capital needs.

From a structural standpoint, SBA financing offers several advantages when properly executed. Longer amortization schedules can significantly reduce monthly payment obligations. Certain programs offer limited or no prepayment penalties, along with flexible collateral requirements. In commercial real estate transactions, financing of up to 90 percent is often available. In many cases, these facilities are also structured without traditional financial covenants or balloon payments, which can provide additional operating flexibility over time.

Ultimately, the businesses that move through SBA underwriting most efficiently are those that present a clear and consistent story—operationally and financially. Preparation at this stage is not about perfection. It is about reducing friction, building confidence, and making it easier for a lender to say yes.



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Expanding Opportunity Through the New York Connex Marketplace Hub

Ignite Long Island is proud to power the New York Connex Marketplace Hub—a secure, verified platform connecting manufacturers across Long Island, New York State, and beyond.

Designed to strengthen domestic supply chains and drive business growth, Connex gives manufacturers the tools to be found, make connections, and access real opportunities.

Through the platform, companies can showcase their capabilities in a searchable directory used by primes, OEMs, and buyers actively seeking domestic partners. Advanced search tools also make it easy to source local suppliers, helping build stronger, more resilient regional supply chains.

Connex Marketplace goes beyond networking—users can view and respond to live RFQs and sourcing requests, creating immediate pathways to new business. Every company profile is verified by Ignite Long Island, ensuring a trusted, industry-focused environment.

Getting started is simple: create a company profile, get verified, and begin exploring opportunities.

Access to the New York Connex Network is free for New York-based manufacturers, fully sponsored by Ignite Long Island. National access is available for \$500 per year for companies looking to expand beyond the state. To get started, companies should contact Ignite Long Island to set up their account.

Create your profile and start connecting today. | Connex is more than a platform—it's a gateway to growth, connection, and opportunity.

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