**Can someone please provide some assistance with responding to the students Sudip’s post below. The question the student answered was: what are the most critical concepts involved with successful capital structure patterns? Can certain steps be overlooked? Why or why not?**

**I need help writing a response to the students post below. My response has to be significant and advanced the discussion and needs to be between 250 and 350 words. Thank you so much in advance for all your help. I really appreciate it!**

**Sudip’s post below**

Capital structuring is a method of improving the financial condition through better decision making.  According to Biginnersinvest.about.com, “Capital structuring refers to the percentage of capital (money) at work in a business by type. Broadly speaking, there are two forms of capital: equity capital and debt capital (Biginnersinvest.about.com, 2015). Capital structuring is done in order to optimize the resources and to make the business more attractive and efficient. Capital restructuring, decreases expenses, improves operational efficiency, raises EPS of business and provides a base for much better overall operational result (revitalizationpartners.com, 2016). There have been different theories developed in this regard, the three most important are: Pecking Order Theory, Trade-Off Theory and Market Timing Theory (Bizshifts-trends.com). All of these theories, in one way or the other, help in making better decisions and in managing the finances (equity, debt profit etc.) efficiently.

            Capital structuring is a way for companies to make adjustments and changes in financing which would eventually lead to improved financial condition.  Of course, there are many factors which affects a business firm and the decisions made by the management which would help the firm meet its financial objectives. Moreover, the business market is very dynamic with many ups and down. Which is why, as stated by Melincher & Norton, “examining the various influences that affects firm’s Capital structure is difficult, Unlike NPV or operating cash flow, we have no formula to determine the proportions of debt and equity a firm should use to finance its assets (Melicher & Norton, 2013). The decision about capital structure depend on project choice or vice versa, and in those cases the investment and financing decisions have to be considered jointly (Brealey, Myers & Allen, 2014). According to revitalizationpartners.com, “companies can employ three capital structuring techniques such as; capital restructuring through repurchase tender offer, capital restructuring through open market purchases and capital restructuring through privately negotiated repurchases” (revitalizationpartners.com, 2016).

            There are different steps involved in Capital structure. These include EBIT/EPS analysis, business risk, financial risk and combined leverage (Melicher & Norton, 2013). In order to ensure correct decision is made, it is important not to overlook any of the steps because the capital structure decisions are very important and can determine the financial success or failure of a business firm.