

A Business, A White Board, and A Valued Partnership

The Business for Sale

Custom Coating has been providing high quality deburring services and conversion coatings since 1986. The original owners built it up from the ground, creating a local business that continues to positively impact the community and their employees after more than 35 years. When the owners were ready to retire, they needed a buyer. Fortunately, their top manager and sales contributor was interested in purchasing the business.

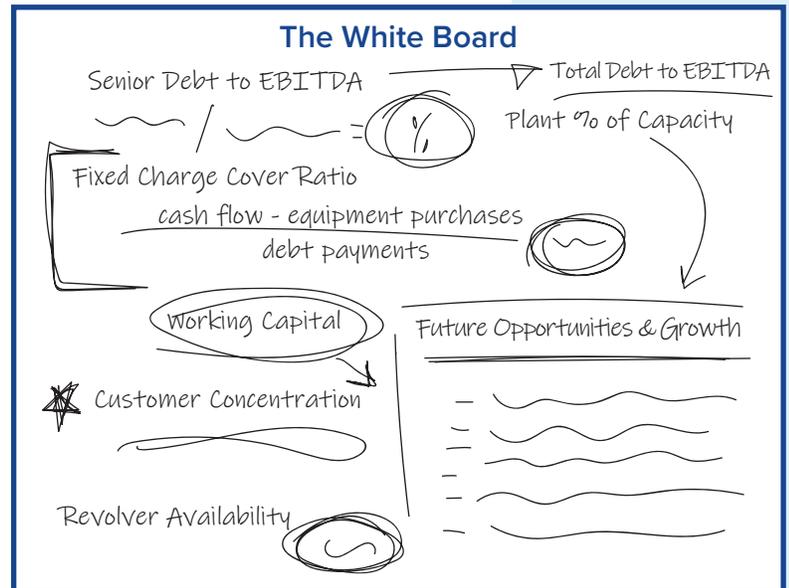
Timing was very important, and CSB didn't waste any of it. From the first phone call on Friday to the meeting on Monday, we were full steam ahead and didn't slow down until the ink had dried!

Rich Allen, Owner

Rich Allen always felt a desire to own his own business. When the opportunity presented itself, he knew he had to make it work. However, discussions with bankers left him feeling anxious and stretched financially. After conversations with a handful of banks, an SBA loan was the only solution offered. The SBA loans contained unpalatable conditions, and with a strong cash-flow business, the loan options were limited. The SBA solution required him to use his 401K assets, with a general condition that if the purchase did not occur, he only had 60 days to return the 401k funds. If unable to do so, he would suffer the consequences of early withdrawal penalties and have to pay taxes on capital gains. Though this solution left him with many sleepless nights and general anxiety, he was determined to make an SBA solution work. Until the famous CSB White Board Moment...

The White Board Moment

In business acquisitions, financing is a key aspect of negotiations, and it's important to make sure it's pulling in your direction. Rich Allen went into his meeting with CSB's CEO, Will Thatcher, and Commercial Banking Manager, Tim Kuhnen, looking for information and options outside of what he already had with an SBA loan. They talked numbers, projected earnings, as well as rates, dreams, assets, and next steps. At the end of the meeting, the white board was filled with simple algebra that said an SBA loan was not the only option – or the best one. Rich Allen walked out of the meeting with a renewed determination and optimism. This was going to happen, and it was going to be good! After all the banks he talked to kept pointing him to SBA, he finally found a bank willing to listen and work with him. They made the money work for him. "When it came to the deal, the money wasn't the hard part," said VP Julie Roop.



Custom Coating, Inc





“It was inspiring to have a bank that saw what I was capable of and put their money where their mouth was.”

Rich Allen, Owner

The Seller

- Owners for 37 years
- Didn't have a planned successor
- Looking for a timely exit

The Buyer

- 25+ years experience
- Willing to do what was necessary for the deal
- Background in Sales & Management

The Business

- Founded in 1986
- Cash flow heavy
- Opportunities to expand and optimize resources

The Bank

- Local, agile, and focused on community
- Comes alongside local businesses
- Autonomy with decisions

The Deal

- First Meeting to Closed Loan: 31 days
- Cash flow leverage of less than 3.00x
- Non-SBA structure

The Valued Partnership

Going from the stress of an SBA loan to working with a team that understood the ins and outs of what we were doing changed the culture of the deal right away. The question changed from “how are we going to make this work” to “how should we structure the deal to suit all the parties involved including the Custom Coating employees and customers.”

Business acquisitions are unique, and the rules are constantly changing. If another party joins the negotiation process or makes an offer, the ideal deal structure might change or the timeline gets moved up or even sometimes pushed back. Having a bank that is flexible and creative with their financing solutions is key when making a competitive, serious offer. “At one point, I needed to have the cash within a week, and I did. Nobody expected it because typical banks don't have the autonomy and support to make decisions that quickly.”

Now that I have worked with the team at CSB, I wouldn't want to acquire a business with anyone else. I never wanted taking over a business to be about the money. For me, it has always been about the people, and CSB allowed us to adjust our

“Working with CSB was easy. They are honest and have integrity – we never got the runaround. In every meeting and every conversation, you can tell they believe in your success which can make all the difference!”

focus accordingly. When the typically stressful part of buying a business is removed – the financing – a weight is lifted. There were numerous people that needed our attention, documentation, and checkbook throughout the process, but we had the time and energy to dedicate to them to get everything done right.

It's hard to believe that the hardest part of this deal was all the administrative work involved in the business transition because it was all on me and a small team. We were switching utilities over, getting the proper permits, contacting vendors and customers, providing supporting documentation – and CSB supported us throughout the entire process. The way the CSB team approached it as a true partnership made all the difference. We felt their backing the whole time, and we still do. I don't know how many times throughout this past year the quote from the 1993 Jimmy Valvano ESPY Speech went through my head ‘Don't give up. Don't ever give up.’ but I knew this was my quest I needed to do, and it turned out better than I ever imagined.

CSB would like to thank Rich Allen and his team at Custom Coating, Inc. for allowing us to share their story in this way. We are hopeful this case study will inspire you to keep chasing after your dreams, to fight for what you know is right, and to always look for a bank that is going to understand you and your needs. If you would like to talk to someone on our team about what we can do for you, reach out, and we will be happy to set up time to hear your story and learn what we can do for you.

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