

# THE FIRST STEP IN A BUSINESS TRANSITION PLAN

► Understand and  
Optimize your  
Company's Value



## Executive Summary Snapshot



**Industry:** Manufacturing /  
Custom Plastic Extrusion



**Location:** McPherson, KS



**Ownership:** Chuck Singleton  
and his sons - Zack and Tyler



**Challenge:** Preparing for  
business transition and  
determining an accurate value  
for succession planning



**Solution:** Calculation of Value



**Results:** Defined company  
valuation aiding in strategic  
succession planning and  
facilitating a smooth transition  
to the next generation

## Introduction

Central States Marketing and Manufacturing is a leading company in the custom plastic extrusion industry. The business is known for its diverse range of extrusion, fabrication, packaging and assembly services.

As a family-owned business, [Central States Marketing and Manufacturing](#) has thrived under the leadership of its founder, Chuck Singleton. However, as he nears retirement, the spotlight turns to the future and the looming question of how to transition to his two sons, Zack and Tyler, who already play significant roles in the company's operational facets.

## The Challenge

The transition has been a topic of discussion but needed a concrete starting point,” said Chad French, Controller at Central States Marketing and Manufacturing. “The family knew the intrinsic value of the business but lacked a formal valuation to guide the process.”

The absence of a valuation complicated the succession planning, raising questions about the best approach to transfer ownership.

## The Solution: A Strategic Roadmap for the Future



The importance of the transition process extended beyond the financial valuation; it’s about ensuring the future of the family business,” said French. “We are focused on a plan that sets up a strategic roadmap for the future. This involved identifying key value drivers, potential growth areas and strategies to mitigate risks.”

The starting point for the larger succession and transition planning initiative was a calculation of value conducted by Adams Brown.

This solution included the calculation plus ongoing consultation about risk factors and growth strategies to provide a solid baseline for the company's worth. This exercise enables Chuck, Zack and Tyler to contemplate various transition mechanisms, such as direct sale, gifting or a combination of both, with a clear understanding of the financial implications.

# Valuation Process

The valuation process is meticulous and thorough, encompassing the following steps:



## Information Gathering

Gather five years of financial statements, organization and legal documentation.



## Financial Review

Examine financial statements, understand trends, determine normalization adjustments and compare to peers.



## Client Interviews

Gain insights about the company's prospective growth, estimated distributable income and inherent risks.



## Valuation Analysis

Determine best approach (asset, income or market) and methods to apply to understand the company's value.  
Apply methods according to financial stability, available cash flow, trend analysis and peer comparisons.



## Review Draft

Consultation with the company's management to discuss valuation opinion. Validate assumptions used, discuss management's estimates and present value drivers for the company.

**Central States  
Marketing & MFG**

**1320 N. 81 Bypass**

## Timeframe & Cost

The valuation process typically spans four to six weeks, commencing upon receipt of all necessary documentation and a signed engagement letter.

Initially, pinpointing the starting point for the transition was a challenge," French acknowledged. "However, the process turned out to be straightforward and efficient. I provided some essential documents, and that set everything in motion. Considering the insights and clarity we gained, the investment was worthwhile."



## The Impact

The calculation of value report marked the first step in the succession plan. It clarified the company's worth, enabling the leadership team to formulate a strategic plan for transferring ownership to Zack and Tyler.

"The valuation didn't just give us numbers; it showed us a path forward, offering confidence in our strategic decisions," said French.

Additionally, the valuation process revealed the company's key value drivers, allowing for more informed decision-making to enhance business value.

## Looking Ahead

Now that we know what the company is worth, we are equipped to continue moving forward with our succession plan," said French. "The next steps involve diving into the details and ensuring each part of the plan fits with what Chuck, Zack, Tyler and the rest of the family wants and where the company aims to go."



Central States Marketing and Manufacturing will continue to work closely with Adams Brown's team of advisors to create a solid succession plan, figure out the estate details and decide on the best ways to handle gifting. This plan is all about making sure the transition goes smoothly and setting the company up for continued long-term success.