



## 3D Color Sources Buyer to Maintain the Company Legacy and Continue Building the Business

For 16 years, 3D Color has revolutionized product prototyping for numerous brands. By handling 3D modeling, custom paintwork, and press-ready graphics in-house, they offer advanced prototyping, color development, and precision graphics to create a 3D model of any product. Founder Gil Schmidt describes their industrial design prototyping work as being a perfect balance of engineering and fine art.

The company is Gil's legacy. He built 3D color from scratch and created a familial company culture that extends beyond the team and directly to clients. They offer clients true collaboration, including the undivided attention of a dedicated color representative and an invitation to work together in the color lab. Early on, 3D Color made the decision not to "compete" with clients—many of whom are designers—but to focus completely on executing their design intent with precision. Their compound annual growth rate reflects the success of Gil's vision.

### Preparing for the Next Step

As Gil's retirement approached, he began to carefully plan for the next phase of 3D Color.

At first, he entertained three offers from potential buyers who independently expressed interest. For various reasons, two deals failed. A third option emerged when a major corporation pursued an acquisition. However, they had a history of absorbing companies they acquired, leaving no remnants of the original business. Selling to them wasn't a viable option.

After three failed attempts to sell, Gil's attorneys proposed working with RKCA.

"At that point, I understood the overall process and pitfalls. I recognized that RKCA's approach was to make every attempt to find a buyer to protect the people and personality of the company, which mattered more to me than the monetary outcome," says Gil.

### THE GOAL

Source a buyer who not only has the savvy to continue expanding the business but also the motivation to carry on the company legacy.

### THE OUTCOME

When 3D Color was purchased by an individual with a clear expansion plan, the transition was seamless for current employees and the new owner began to generate new business within the first three months.

### Sourcing A Buyer With RKCA

With Gil's priorities firmly established, RKCA began sourcing potential buyers for 3D Color. Initially, three entities were making competitive bids. When two of them realized they knew each other, they joined forces to further strengthen their offer. RKCA brought these two parties to Gil so he could interview them.

"Really, we interviewed each other," says Gil, "But RKCA worked hard to ensure that the parties I met shared a goal of maintaining the business legacy." Gil had to prove that 3D Color could meet the financial requirements, which required in-depth diligence. RKCA not only walked Gil through the process but checked in regularly to give him updates on what the potential buyers were thinking and what they needed.

Within 9 months, the buyer had been selected. "The buyer was willing to go all-in on this business, even though he was new to the industry. I sensed a passion, interest, and entrepreneurial sense that I could relate to personally."

### Persevering Through A Pandemic

The final stages of the sale began in early 2020, right as the COVID-19 pandemic emerged. With a business that required in-person work with expensive equipment, Gil was suddenly faced with the same challenges as most businesses impacted by the shutdown: How could he keep his employees? Protect his business?

But he had an additional challenge on the table: How would he remain viable to a buyer?

"RKCA kept the deal alive through COVID-19," says Gil. "Like everything else, it could have been put on hold, but they persevered through it." 3D Color spread out shifts so that some employees worked 1st shift and some worked 2nd. During the late 3rd shift hours, RKCA and Gil met on-site to go over the business and talk through diligence issues.

Business remained strong despite the circumstances and the sale finally closed in late June.

### Almost Immediate Growth

The sale has been a good move... At closing in June, several consumer packaged goods companies (CPGs) represented 70% of the business. Part of the reason Gil chose the buyer was because he believed that individual could leverage 3D Color's capabilities to a wider range of CPG prospects, which would ultimately expand and protect the business.

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Right away, the buyer brought in another large CPG who gave 3D Color a challenge to create a representation of 5 products, as well as specific packaging challenges. 3D Color “met and exceeded” their expectations in every category.

This win is building additional momentum and creating unique prospecting opportunities. For example, 3D Color recently made a sizeable donation to the University of Cincinnati (UC), giving them a piece of equipment that is used in the industry but yet untapped by the university. With it, UC can highly enhance the technology of color, which will be an important part of their new industrial design curriculum.

### **Passing the Baton**

Throughout the first year post-sale, Gil remains a consultant, since the buyer’s experience isn’t industry-specific. “The buyer has a different approach, which I expected,” says Gil. “It’s fresh. He handles some things differently, but he’s younger. He has new ideas. Overall, he’s upholding the legacy and I get to coach him through learning the industry.”

Gil has already shared his experience with several other business owners who are thinking about retiring. “When I told them how smoothly the process went and how much I enjoyed working with the RKCA team, they were intrigued. It’s clear that RKCA cares about what their clients really want more than anything else.”

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