



FLAGEL HUBER FLAGEL

CPAs & BUSINESS ADVISORS

SPOTLIGHT: MACKINTOSH TOOL COMPANY

MANAGING GENERATIONAL CHANGE

For over 30 years Flagel Huber Flagel (FHF) has worked with Mackintosh Tool Company (MTC) to ensure that the founders philosophies underpin their long-term success and stability.

Bruce Mackintosh founded Mackintosh Tool Company in Rockford, Illinois as a machine shop making parts for the aerospace industry. Bruce ran the shop, and his wife Audrey ran the financial side of the business. Today, MTC is operated by a second generation of Mackintosh leaders - Brent (CEO) and Ryan (CFO).



Founders Bruce and Audrey Mackintosh



MTC Headquarters in Centerville, Ohio

Ryan shares, "In the late 1980s, my dad shifted the focus of the business from being a machine shop to being a machine shop supply business. He looked for a new geographic area where the market was diverse including automotive, aerospace, and medical. Dayton, Ohio fit that bill, so we moved here in 1989. My dad became the type of supplier that he would have relied on as a machinist. This included having a robust inventory, delivering same day service for free, and being technically knowledgeable. All of that is still true today. We not only sell supplies, but we also operate like a free technical consultant for our clients."

Chris McCaskey, FHF Partner, has worked with MTC for years. "Originally, MTC was a client of John Sweeterman who is now a retired partner. I've worked with them since John retired in 2017. We do monthly bookkeeping and financial statements. I meet with them quarterly. Even though Ryan and Brent are running the company, the meetings include Bruce and Audrey as well. They are very conservative which means they fund their operations versus taking on a lot of debt. Bruce talks about how hard it was years ago to get and keep the company going. When things are good, they want to operate in a way so that when things are not as good, they can keep their employees hired. That conservative philosophy has transferred to Brent and Ryan, and it has worked well."



- *MTC was founded by Bruce Mackintosh as a machine shop for the aerospace industry*
- *MTC moved to Dayton, Ohio in 1989 as it shifted focus from a machine shop to a machine shop supply business.*



Abrasives



Cutting Tools



Machine Tool Accessories



Metalworking Fluid



Hand Tools



Metrology

MTC
Product
Categories

- *Second generation leaders, Brent and Ryan Mackintosh operate the company staying true to the founding philosophies of their dad.*
- *FHF helped MTC transition from a C Corp to an S Corp to ensure the best possible future for the business and the family.*
- *Today, with over \$12M in revenue, MTC continues their arc of steady, measured growth.*

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A SUCCESS FORMULA FOR GENERATIONAL CHANGE

Ryan remembers the shift from Sweeterman to McCaskey, “We were nervous for the change, but it worked out great. I can’t say enough good things about Chris. He knows what our company is about. He has a firm grip on the way we do business. I trust Chris completely.”

McCaskey adds, “When we are transitioning clients from a retiring partner, we have a multi-year, behind-the-scenes process in place. We identify the best fit to be the new partner. We review the client’s background and delve into their financials. Then about a year out we make an introduction to make sure it feels right and that it works on both a personal and professional level. We want to make sure the client knows they are not alone – they can call anytime, email anytime.”

Since McCaskey has taken over the account, the primary focus areas have been working capital management and preparing for the future.

Ryan shares, “In recent years we have seen a lot of consolidation within our industry. Smaller, family-run companies have sold to larger, national corporations - mostly owned by large, private equity firms. This has actually benefited us in that many customers prefer locally owned suppliers with locally held inventory. As we added more customers, this meant significantly expanding inventory as each customer has very specific and sometimes custom tooling needs. Chris has been instrumental in helping us manage the financial aspects of this expansion.”

McCaskey adds, “The biggest project we’ve worked with them on is transitioning from a C Corp to an S Corp. MTC is a highly successful second-generation business, but there is not a third generation who will be taking over. Years from now, they will sell the company and the tax impact of selling an S Corp is much better than selling a C corp. Part of our work was educating them how that will affect internal financial statements, personal tax situations, the business tax situation; and the changes required for bank reporting.”

“I love working with generational family businesses. It is super cool to see Bruce and Audrey share wisdom and guidance with their boys. Family businesses can be hard, but MTC works between siblings and between generations. It is because of their approach to life; they want to do the right thing and succeed in a way that allows their employees, vendors, and customers to succeed with them.”



Do you have a generational family business and need help planning for the future?

FHF’s Chris McCaskey says, “Give us a call. We’d love to talk about how we might be able to help.”

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