4 Keys To Maximizing the Value of a Potential Bolt-On Acquisition

Steve Sanduski: One way to grow is through acquisitions. Today's guest has completed multiple acquisitions, but he's done it with a twist. His company looks for bolt-on acquisitions of companies that are often in distressed situations. Now, doing an acquisition is hard enough. But, when you're acquiring a company that is in a distressed situation, well, that makes it doubly difficult.

Hi, everybody. Welcome to the CEO Coaching International podcast. I'm your host, Steve Sanduski. My guest today is Luc Stang. Luc is the President and CEO of Gin-Cor Group, which is the parent company of Canada's premier provider of vocational truck and trailer solutions. His company was recently named one of Canada's fastest growing companies with a three-year revenue growth rate of 132%.

In today's show, we discussed the four-step process his firm uses to source, assess, and complete these acquisitions, and how he does it without using huge amounts of cash. With that, please enjoy my conversation with Luc Stang. Luc, welcome to the show.

Luc Stang: Thank you, Steve. Thanks for having me this afternoon.

Steve Sanduski: Well, it's great to have you here. You've got a great story to tell. You're the CEO of the company. You're up there in Canada. I know, you guys have experienced some pretty significant growth in recent years. I think I want to start there. Then, from there, we're going to talk about the acquisition strategy that you guys have done, which I think is a little different than a lot of companies out there in terms of how you think about doing acquisitions and how you finance these acquisitions to minimize your cash outlay. I think there's a really interesting story there. Why don't we start with the growth? Tell me a little bit about the company and what has the growth picture looked like here in the past few years.

Luc Stang: Well, thanks for asking. The growth would look like from, I guess, externally, would be, one, an element of where, if I go back to 2015, which was part of my 12th year of owning the business and developing formulas, developing KPIs to truly drive down on a metrics. From that point on, I would say, in 2015 and beyond, we went from, at that time, 11 million in revenue up to 130 million revenue in 2018.

Then, we've since made some adjustments to that revenue, sold off some business or interest in the business unit, carved out over 50 million, but still managed to stay relevant within the green landscape of being named as the fastest growing company in Canada or one of the top 500. We're still trending in that direction.

Even throughout 2019, 2020 during this COVID pandemic, we're still showing some significant growth and are poised for a bit of a reset recharge after carving back some of that business to do a better focus on some of the core elements we had got us to that point. Then, trying to help leapfrog going beyond that.

Steve Sanduski: As far as the COVID-19 pandemic, how has that affected the business?

Luc Stang: It's had a couple of different effects. One, it's been a great rallying cry to get all of our business units working together. We have a total of four different corporations, seven locations, all in various different market segments, yet, all somewhat related. It forced us to drive a different level of collaboration, A, in driving the safe workplace for our employees and all stakeholders and, B, meeting the expectations of our clients, and being able to deliver the goods on time as promised.

There are some side effects to it, where the supply chains and margin disrupted and it continues to be disrupted throughout North America with the goods coming in from overseas. There's the day-to-day challenges, trying to navigate through supply shortages. However, all of the staff have rose to the occasion. We have been posed some pretty impressive numbers, both top and bottom line, and navigating through this as I challenge our staff, it's not just survive this, but survive and thrive.

What are we doing on the thriving side? How do we buck the trend, not get too hung up with what's going on with, A, the pandemic or let it dictate our future, as well as what's going on with the regional economies or various economies. What do we need to do to buckle down, double down, and make sure that we're relevant coming out of this thing or greater relevance. For us, it's been a really good rallying cry, good way to get in alignment, I guess, in all of our tasks to navigate the business, and making sure we're working the highest priorities to move the business forward.

Steve Sanduski: What I find is that COVID-19 has really separated the leaders from the pretenders. It's exposed those leaders out there who really were just riding a good economy and some momentum from the pandemic, really, has forced people to be a great leader. If you want your company to not just survive and thrive, as you mentioned, this is where leadership is really coming into place. It sounds like you and your team have done a really nice job making that happen here and making the adjustments that you need to make.

Appreciate you sharing that. Alright, let's jump into talking about the acquisitions. Why don't you just, maybe, set the stage here in terms of what is your acquisition strategy? I hinted at it a little bit in terms of, maybe, doing some bolt-on acquisitions with distressed companies, minimizing risk and cash outlay. Set the stage a little deeper for me, if you would.

Luc Stang: Sure. Maybe, I'll just start back from some of the early stages. At first, we did is a couple of startups that were identical to our business but smaller in scale. We mitigated a little bit of risk, see what that was like, and then, started building some traction on that. Then, followed with, I'd say, the second startup. But, the second startup morphed out of a failed acquisition. Three or four years earlier on the same organization, the same city, that the vendor was seeking too much, or were too much or far-spread on the purchase price.

As a result, his business or that business dwindled over the years. He have to had a good core group of people that were able to pick up as that business had sailed, and sort of helped springboard that second startup with having good core foundation of folks. A, not having to overpay. In fact, what we ended up paying for the remaining assets was less than 10% of the original asking price. We got the core people do that. I would say acquisition, number one, but more acquisition of people. Then, some distressed assets.

Then, that's followed by another strategic acquisition that was made in 2015, the most significant one, one, again, that I had looked at back in 2007. Many years earlier, I had placed a bid to buy this corporation. I was outbid by another party on it. At that time, I thought it was a very rich price to pay it and think it was made more sense to run my numbers up. We ended up picking up that acquisition in 2015 for a fraction of our original offer price. It turned out to be a phenomenal acquisition. I can dive into a little bit of that afterwards.

That followed the subsequent year with one more acquisition again, made a bit of vertical play within our space, acquiring another organization that'd been in business some 50 years. Good customer following a lot of similar elements of our own. That acquisition, I guess, it's in 2016.

In late 2017, we started embarking on a largest of all our acquisitions, one with a national footprint, which had seven additional locations across the country, different time zones and different product mix. That one was quite a journey. That was probably two and a half years to put the deal together or two years to put the deal together, get it consummated, and then, operated for 18 or 24 months, only to realize or come to different conclusions that it was not the right acquisition, and we need to do something different about that particular acquisition. Part of that journey, I guess, short form of what may have transpired over that period of time.

We talked about the bolt-on acquisitions. Bolt-on for me is a bit of an expression because we're in the nuts and bolts business. We build vocational trucks and we build specialized trailers. There's a lot of welding and bolting things together and assembly of goods. When we use the word, "bolt-on," for us it's acquiring organizations or companies that have similar, either, product lines and/or complementary products in a given marketplace and/or use, maybe, same dealer channels, things that have some similarities in the type of skillsets that our men and women have working on our production floors. Seeing where we can apply lessons learned, our own KPIs, various metrics. We applied those in what we call these bolt-on acquisitions to be able to improve the performance of those corporations as a whole.

Steve Sanduski: It sounds like a couple of things that I heard you say there. One is you have to have some patience. You mentioned one of your first acquisitions was back, or you tried to make one back, in about '07, but you thought the price was rich and you got outbid. But then, you had the patience to wait a few years. The deal came back and you're able to get it at a fraction of the price from a few years earlier.

So, it sounds like that worked out well. Then, the second one that you mentioned here that took a couple of years or so to consummate, and then, another 18 months to try and integrate. Then, you realized that it wasn't going to work. This isn't easy to do, as you've really indicated there. What I'd love to do is see if we could frame this in terms of a few steps that you go through as you're thinking about an acquisition strategy.

If you could frame it that way, in terms of, maybe, four or five steps, what would you say is the first step for you, or, perhaps, that might apply to other companies that are thinking about doing an acquisition strategy? What should we be looking for in, say, a first step?

Luc Stang: I think first step for myself, a recommendation would is get to know your industry, get to know the competitors very well, get to know the industry as a whole that you're participating. A good friend of mine that mentioned to me for as opposed to just learning a business or learning your current market, but learning the whole industry market. For myself, it's doing a lot of reading of trade publications, magazines, or books on the subject of the industry that I'm involved with.

It's followed by attending as many different industry trade shows in North America or abroad over in Europe. Again, getting more and more immersed in the products and the technologies applied in different markets, both foreign and/or domestic markets, as well as starting to understand, what has driven some of the success of these other organizations?

Then, that's followed by immersing yourself and getting involved as a volunteer on various boards, industry boards. Often, industries will have associations and/or board volunteer positions to either organize various trade shows, or industry lunch and learns, things to try to help move the industry as a whole. The premise on that was not so much self-serving. It's more to get a deeper understanding of what makes the industry moves, what's the early things that drive our clients' experience or the need for products and services.

Also, one that's driven by regulation, where are regulations going both either federally, statewide, or, in our case, provincially. Regulations from governments usually have a big impact on business. It's one of adopting a mindset of embracing regulation is a good thing. If you look at regulation as a bad thing, typically, you'll make some poor business choices. Embracing regulations going, it varies from region to region. Understanding how that can impact the business and/or the industry as a whole allowed us to start looking at various business units where they may or may not be in trouble where we could adapt, or where we could apply some of the things that we had learned from that process.

Think through, A, the volunteer boards and understanding that a chance to have some networking with peer-to-peer and trying to make the industry as a whole better. It created a framework. That allowed me to have conversations with my industry peers, CEOs, presidents, gentlemans in various companies, and talk about issues that affect them as a whole and the industry. Maybe, also, in the case of the end-users.

That also led to, I guess, an opportunity to have conversation a little bit deeper. Typically lead with conversations of what a succession look like for your organization? Do you have children moving up in the ranks or is the management team moving up? What does that look like for your organization?

By having those types of conversations, I would make my own notes as to where some of that stuff was going. In the same time, let it be known that, if somebody is ever interested and have further discussion on that, that I was a receptive advocate of looking to grow our organization and looking to find synergies, partnerships, joint ventures, or acquisition that may fit their own plans. Hence, setting the table or setting the stage with my industry peers, both here in Canada, the US, and even on Europe, on what that might look like from their own long-term or mid to long-term exit plans.

Most often, nobody want to engage in a conversation about an exit, but it wasn't too long into those relationships that conversations start happening, again, at an industry event where they would come back and say, "I've thought about what you said." Then, different organizations.

It gave me a platform or an audience in which to have interesting conversations, to learn, A, more about their business, B, understand some of their challenges, C, understand whether our core values are aligned, what makes them tick, what are they looking for from a succession planning in their own business, and see whether or not there's merit to having conversations, would they go deeper in finding a greater alignment?

Hence, I guess, bypassing third-party facilitators or people trying to bring deals to our table that are motivated by, either, trying to get the maximum outcome for the vendor. Hence, are there commission rate, are there performance rate on those things, which we weren't prepared to pay a premium for. You have to remember that we're on an industry that's fairly tight margins, very capital-intense from the raw materials required to transform and build these type of products. Working capital is always at a premium. We have to look at a strategy that both fueled our internal growth, but also, one, bolt-on acquisitions were actually feasible without putting everything at risk.

Steve Sanduski: It sounds like you really just immersed yourself in the industry. You got to know all the players. You sat in on some of the boards. You volunteered. Through that, you were able to meet the folks. You're able to develop the relationships. You were able to gain trust and confidence of some of your potential competitors or complimentary vendors, so that when they were in a position where they wanted to sell, or they needed a succession plan of some type, you were the first call.

As a result of that, you were able to pretty much cut out the middleman, the deal-maker, who might take a big commission on it. It sounds like that was a great strategy there to really develop the deal flow. Yes, I think, great explanation of that. Let's kind of call that step one. What would you say is the second step? Once you've identified a potential candidate here that you might want to acquire, what would be the next step?

Luc Stang: I think the second step for myself in that journey is more, I guess, step around ensuring and building upon that trust and integrity of our conversations. They often start with an invite to visit our own facilities and our own operations, and to be a little more transparent about what we're doing and what's working for us and what's not. By, I'll say, letting our guard down or open our kimono, as others might say, showing our own vulnerabilities, we found ourselves getting to the heart of matters, so the conversation is much quicker as opposed to being guarded or shielded.

None of these dialogues was price ever part of the discussion. Early on in stage two, price is still not on a table, not even part of the discussion. It's more discussions around their passion for an industry, what makes them tick, what's important to them with regards to either product or technology, or their people. Maybe, a legacy element to it. Relevancy to what their work has sort of done over a period of their life.

Ensure that we fully understand that, and understanding also whether or not there's alignment on those things. When we find those alignments on those pieces around what's in it for them beyond money, be it for the family, in all those different elements, then we found ourselves starting to align on trying to figure out ways that we could do things effectively.

Also, I was making it really clear upfront in that stage two that I'm not coming with bags of money or a big bag behind me or an enormous amount of capital to do this. We're doing this with an entrepreneurial grassroots point, but one based on, A, our performance and our track record of being able to deliver all we say we'll deliver on, and for them, too, we want to make sure they had a chance in that path, i.e. meaning that we build an organization with some good internal growth based on integrity, client relationship, so on so forth. Then, by letting that unpack and unfold with them, it would probably set the stage, then, for trying to frame up, I'll call it, memorandum of understanding, our MOUs, as to what is it we're both trying to achieve out of the transaction. Far before papering stuff the legal folks is starting to just frame up the general pieces of the puzzle of what we're trying to both achieve.

At that stage, I'd bring in my number two in-command, my Chief Operating Officer, who wore two hats at a time, CFO and COO, very strategic partner of mine that would sort of help framing up the mechanisms behind trying to put a deal together, and not be highly leveraged. Yet, finding balance to the risk for, A, the buyer, in our case, and the vendor, in his case. Striking the right balance on that as well as, then, finding the balance that we can try and bring the lending institutions to backstop or come in as part of that solution.

Steve Sanduski: If you had to give a name to that particular step, how would you name that second step that you just described there?

Luc Stang: Alignment.

Steve Sanduski: Alignment? Good.

Luc Stang: Yeah. Very good alignment, get in alignment.

Steve Sanduski: We got a couple of steps here. What would be the third step?

Luc Stang: Third step would be starting to unpack the framework on whether it's a shared purchase, asset purchase, an earn-out. Framing up the type of mechanical aspect, I guess, or the financing aspect of it. And framing up the vested partners to make this happen. Get our equity, the vendors' equity, the traditional lending institutions, actually both get long-term or operating capital. Then, also, looking at in our industry, maybe, some of the vendors side. We have a lot of common vendors and seeing what appetite the vendors had to support this type of transition.

Please keep in mind that, typically, we would seek out or have conversations with organizations who are, maybe, somewhat in distress. I call it in distress, who might have lost their way, may have lost their mojo, they've stayed in the industry very long, offspring had no desire to take it over, hadn't built out a management team to run it effectively, might have been a little bit more micromanaged.

Those type of acquisitions are the type that we look for, again, from a risk perspective. Required, A, being creative on building out a financial model that worked for that acquisition, because traditional lenders aren't coming with bags of cash. You're trying to buy an underperforming corporation. They're looking at ourselves as being the primary in putting in the risk of capital risk upfront. Then, for us, we're trying to find the right balance between vendor, the buyer, and the lending institution.

That term, I guess, segment is really spending a lot of time in unpacking how we're going to raise the capital will come from which areas in order to make the deal flow and in order to be a part vendor take back our promissory note from the vendors and a variety of these different mechanisms. Make sure that it aligns with, I call, all stakeholders' desires and tolerance of risk. We try to find a balancing of that aspect to put our deal together, so that we can now paper it up with the legal counsel.

Steve Sanduski: This third step here really talking about how to finance the deal, how to structure the deal. Now, what does your team look like at this stage? What I mean by that is, is it just your internal people that are working with their people? Or, do you have an outside legal team? Do you have a banker that's involved in the deal here? What does the team look like at this point of the deal?

Luc Stang: It's a great question. Thanks for asking that. It's predominantly an internal team with a few external partners. The external partners would be our legal counsel that starts now getting involved and has been involved day one of all of our transactions. We start bringing the legal.

The bulk of the early heavy lifting is done with our own internal team. We have one specialist on the operation side who's a change agent specialist who's done a really great work on taking a distressed asset and making something good of it and/or driving change through an organization. We might have somebody on the sales and marketing side gathering bits for market intelligence and understanding what were happening. We have a fairly robust team on the finance side to support, who's more into the metrics and doing some deeper dives on the financial data to be performed. We have somebody else on the risk side.

The lenders or the third parties would come in a little bit later, after we've done the bulk of all our due diligence, have a deal penciled, ready to commit to LOI, where now we've got the majority of our homework done, bring our lending institutions into our thinking. Now, we would have primed them prior to it. We would share with them that we're looking at a strategic acquisition and give them a certain time horizon. We'd come back and see them when we were closer to having a defined, A, value on it and defined process on how to integrate the business, and then, a defined process on how we'd associate the risk or the capital to finance the deal.

Steve Sanduski: Now, the internal people that you mentioned here, like you mentioned you have a change agent and you had someone who does a lot of the financial analysis on these deals, do they have other "full-time" jobs within the company, and then, when you're in deal mode, you kind of pull them off and they work on the deal? Are they full-time dedicated to this type of acquisition work?

Luc Stang: No, they're all wearing multiple hats. I will say that, they're all in various elements of the operations. All have other hats to wear. I would probably be the one that cultivates bringing deals to the table through my networking. My business associate and CFO/COO, he is a chartered accountant by trade. He came from mergers and acquisitions, working for large accounting national firm here in Canada on distressed assets, stepping in for the banks. The banks seek out his help to deal after a distressed company, and turning it around, divesting it for the banks and/or doing that type of work.

He brought up a lot of experiences. He's experienced in being able to do some business modeling that quickly got to the heart of what we're trying to achieve. Then, using some of our own metrics, as well as the data input or the data collected from the target company. Then, we would spend quite a bit of time on business modeling, various scenarios from trying to see what it will take to actually turn the fortunes of that business around or the luck of that business around. Through that aspect, we were able to ruggedize our plan for the day one when we were handed the keys. We're off and running for our marching orders.

Many that come from that space, or that expertise, is often, let's cut our way down, cut the losses, and then, start building it back up. We've always taken an approach let's acquire it, but let's build what's there and grow it. It's always about acquire and grow, not acquire and shrink, and then, try to regrow it. It was always with the notion of if we're acquiring the assets, maybe, make a few changes in the personnel or roles, can we then inject it with some growth, based on our own client base, based on our understanding on how to do this with development and grow. That was a combination of that. Everybody's wearing multiple hats. We're on the team, still on a team today. We have the best, I guess, of both worlds.

Now, that being said, based on the good and bad experiences on this journey, I do believe there's merit for external third party additional help. I think there's a lot of marathon unpacking that. As we've moved on this journey, doing maybe future acquisitions would have our external accounting firm, the external auditors, as part of that team. One of the reasons I say that is, in one of our last acquisitions, we relied heavily on the audited financial statements of the selling firm. Those audited financial statements had some gaps that we had not picked up through our due diligence process, because I think we're just balancing or spinning too many plates on the sticks.

If you're spinning lots of plates, like in a circus, A, you're trying to keep business moving, do the due diligence, you got a lot of balls near and deal with hypergrowth, having that third set of eyes independent. On some of testing the audited financial statements from the other parties, I think, would have been very useful, would have been very helpful. That would have probably been best done in the early stages of the due diligence.

I'm big believer, some of the lessons learned is there's merit to bring in the right external party in developing a relationship with an external resources that can help cut through the noise and to disseminate what information we're looking at, whether it's good or not good information.

Steve Sanduski: Sounds like a great lesson learned there. It looks like we've got three steps so far. First one is really about immersing yourself in the industry to develop that deal flow. Second is, you mentioned alignment, really analyzing, making sure that the two companies are in sync, and that there's going to be a fit there. Third would be more around financing and structuring the deal. What would be the fourth step here?

Luc Stang: I would say that step four is integrating into the acquisition of people and cultural issues. Early in our journey, as we had done a couple of startups and started scaling up the business and did our first acquisition, it became apparent to me that we were lacking depth in what we needed to do a better job of assessing culture, assessing the gaps, and trying to shore some of those elements up.

We did a hard-press search for finding the right candidate to help lead people and culture in our business. I found myself being often the champion of culture of people, and how to divide my time up, moving from city to city, from plant to plant, operation to operation. I was always a challenge and trying to keep that piece together. By hiring an additional person that help deal with those matters, clearly identify what is the culture we're trying to develop or mimic, or recreate elsewheres became paramount in part of these acquisitions, A, getting clear in our objectives, stating them, and making sure that we spoke to that effect in a consistent manner.

In our industry, when it looks at the integrating of the acquisition and culture, because we're dealing with an industry of mechanical type environment, lots of overhead cranes, lots of heavy pieces of steel moving around and stuff being assembled, it's paramount that we create a safe working environment. Making that our first mantra, the first piece of doing an acquisition is assessing the health and safety records, assessing what they have to work with from a safety perspective, and driving that message home that our number one core value is the health and safety of our employees.

That's both physical safety, but also, mental health. Being attuned to that, having their best interest for them and their families typically started to win their minds over in, that we're, maybe, a bit different from other organizations, not putting profit first, and/or, as some might view, lying one's pockets. It's really around ensuring that we created that safe work environment, as much as that might sound trivial, creating that safety net and security allowed for change to happen more seemingly or more flawless, I guess, where people sort of embrace change. You can imagine the anxiety that goes on when there's change in an organization. Managing anxiety is paramount with part of these cultural changes.

We made sure that I got on the shop floor and a team in had early huddles with the staff, old staff, and manager maintain a rhythm and puddles of bringing people along this journey. Our goal, we would make it very clear the majority of all changes needed to come fast, or we're going to come faster, whatever that first 30 or 60 days, the bulk of all changes would take place. There's not this constant worry or concern of, do I have a job tomorrow? Or, what does this look like?

We clearly articulate the values we saw in the corporation, clearly articulate that it's not about the bricks and mortar. It's about the people. It's about what we can do together, collaborating to make a better life for each and every one of each stakeholder, and creating better outcomes for all. We make sure that our messaging is really clear and start making those fundamental physical changes that people would see that we're driving things from safety, simple things like that might be improve lighting in a plant. Most manufacturing plants are very dimly lit, especially in welding and fabricating. Simple things like lighting up a plant, you can see the spirit that people pick up right away, and see the smiles on their face. We make sure the washrooms are completely up to par with proper regular maintenance and cleaning in our cafeterias.

This stuff might be natural in a tech sector or other sectors. But, in a heavy industrial sector, not necessarily commonplace, especially, at a smaller level. By making some of those fundamental, small changes, you'd quickly get people to start embracing where we wanted to go on our journey of driving growth and driving a great place to work. That was always been a part of our mantra, is going from good to great. Never make it a reflection of the corporation that we acquired was not a good corporation. We always state it's a good corporation. We want to go from good to great. We want to take it to another level on this journey with the employees and getting behind us and them to ensure that we created that environment that could transform itself.

It's important that we also focus really quickly on the cultural issues. If there was some cultural issues or some people didn't fit, we'd released their soul to the marketplaces, I like to call it, if there's truly a non-fit. We would say, "This is not a place we see a future for yourself," and cut but release it.

I would state that, in all the acquisitions, we have released less than 3% of the staff, or really with all the staff was there in trying to get successful with those acquisition. Rarely was it a deep cut, or something of significance. In not cutting deep and working with the people there was another way to try to build a trust in order to try to propel and move the flywheel forward.

Steve Sanduski: What you really described there in the fourth step about integrating the acquisition, you touched on three big areas here. One is the communication. You talked about the importance of communicating and getting the message out. Then, second, along with that, the clarity of the message and how you wanted to let people know early on within the first 30 days or so what it was going to look like, who was going to have a job. That way, it wasn't going to be death by 1,000 cuts. I think that's critical.

Then, the third piece is the culture issues that you were talking about here, that you're really trying to get in sync with that and identify if there are any cultural issues that need to be addressed early on. I think those are three big buckets that are an important part here of this fourth step. I like how you framed that. Go ahead. Do you have a comment?

Luc Stang: Yes. For me, Steve, I think part of it is also being authentic to those I'm addressing. Also, my authenticity comes from having been on the other side. I worked for a very large multinational American corporation, in the chemical industry. In the division that I was part of and the group I was part of in Canada, we were acquired three times in 10 years. Having seen being acquired on the other side three times over by larger publicly-traded firms, I got to quickly understand how cultural things shift around, and which ones are great, which ones are not so great.

I could speak of my own experiences. I made a point of experience sharing of being on the other side of the fence, and speaking to that effect. I think, again, that was a chance to win the hearts and minds over from those personal experience, personal journeys. Then, having a chance to, then, have an opportunity to, again, finesse and work together with that culture.

I'll say this last piece tied back to that is, I always believe in, what they call, God's ratio, which is listen twice as much you speak. Two ears, one mouth. We had to become very good listeners in order to try to integrate culture effectively and make the change through by becoming better listeners, so you understand where, maybe, the trigger points or anxiety or some of the challenge they're face to face with. Having venture that, there's been some great outcomes.

I just like to make this one last statement as regards to culture and change. One of our last successful acquisitions with a company that was bankrupt was in bankruptcy protection. What's more important about this story is it had over 100 infractions in one year by the Ministry of Labor here in our jurisdiction, which is a phenomenal amount of infractions. Their health and safety record was horrible. It was really atrocious.

The fear when you don't take care of the health and safety in the manufacturing sectors, that's a great driver for unions who want to come in. Rightfully so, because management has not take care of the employees. We made it our mandate to be one year accident-free, incident-free. I would made that very clear on day one, stepping on shop. We'll create an environment that's productive, that safe, that's accident-free, infraction-free, no fines levied. We actually delivered on that.

That meant a lot to the employees because they were really being exposed to a lot of elements. Driving that cultural change, if you can take action quickly but really get clear, concise, compelling in what you're going to do next, bring along in that journey, it made it very easy to turn situations around. That corporation is running in a black. It's extremely well-poised for the future. That's less than two and a half years. Year one is breakeven. Year two in a black. Now, we're really set up nicely for year three. We have some great things going on.

Again, it was trying to get that alignment and culture and driving that stuff through. I have to tell you that that was a culture and a group that was really hard-done by. They had a lot of setbacks, personally, financially. The environment which they worked in, 100 plus employees in that one operation, and today is one of our top performing operations. We've definitely won the hearts and minds of these employees. Extremely loyal and extremely productive, and just a great mindset. I think that integration portion of an acquisition on a culture piece is paramount for a successful bolt-on acquisition.

Steve Sanduski: I think it really sort of comes full-circle from what we talked about early on, this importance of leadership. I was talking about it in the terms of the pandemic here. But, you just described it in terms of a company that was bankrupt that had over 100 safety infractions. You went in. Through leadership, through communication, through clarity, through intention, you described this is what the new world would look like. It's all about safety. We care about you as human beings and employees here at the company. Your safety is paramount.

I think, also, some of that may come from the fact you mentioned that you were on the other side. You were working for a large company before that had been turned over three times. So, you know what it's like to be in their shoes. You've got the empathy. You know what they're going through. You really know. You don't have to just sort of think, "I think you may be going through this." You felt it before. I think it really helps put you in a great position to be a great leader, be an empathetic leader, and help turn that culture around. I appreciate you sharing that story.

All right, Luc, this has been great. Let me just wrap up here with a couple of quick things. One is I always to ask if there's anything else that you want to share here that we haven't talked about yet.

Luc Stang: Good question. I guess the only thing I like to share is, it comes out when you hear the questions around COVID and navigating through that period. It's what I call trying to close the gap between what we know and what we don't know. Typically, in that gap of the unknown lies anxiety. Anxiety manifests at different level for different people for different reasons.

I think, the more we can close the gap, get really, really clear on where we want to go, what we're going to do, and be really transparent with ourselves and our own anxieties or own fears, and make yourself somewhat vulnerable, typically, it seems to help close the gap and start gaining that clarity. Those gaps get closed better and better by collectively working together and asking ourselves better questions, so that we can try to navigate, create an environment or mitigating risk.

When we look at our own personal risk, we look at the risk for the banks, risk for the clients, risk for the employees. I think it's paramount that these things happen in a way that, as we say, we're not in the short term, we're in for the long term. How do we build a viable, sustainable business for generations to come? Be it our own family or other families, but it's truly around building on that viability on a long term.

Again, I think, by getting really clear on trying to mitigate the unknown part, it help, I guess, move our flywheel for us. It's one of the closing thoughts on that last piece.

Steve Sanduski: Yeah. It really ties in with this idea of clarity and communication and leadership, which, I think, is a nice segue into our rapid fire question.

Luc Stang: Sure.

Steve Sanduski: I've got two or three questions here that I'd like to ask you. The first one is, since we are talking about leadership, do you have a leader that you admire? It might be someone that you know. It might be someone that you just admire from afar. It might be someone who's not even alive today. Would there be a leader out there that you admire? If so, why do you admire them?

Luc Stang: It's a great question. I'd say for myself that leader I admire from afar. That would be a gentleman named Roger Penske, many people may have heard of. Heavily involved in motor-racing in Indiannapolis 500. I guess, I admire him for a couple reasons. One, he's built an amazing corporation, the Penske Corporation, Penske Group, that has a lot of products or things that relate to my own world, in a truck equipment world. Also, his passion for motor racing, which is my early passion, a passion that led me to become a businessman or an entrepreneur.

I was an ex-formula car racer. A, having a similar passion for the motorsports, but more importantly, being able to integrate motorsport into a business, which he's successfully done. But, also, the business that he's done from his car dealerships to all the various entities that he's created. I find that very admirable. I've had the occasion, on two occasions, in the last couple of years, of spending time with him at racing events and getting a chance to admire from a distance. What really I find that interesting with Rogers, he's a gentleman who's pushing early 80s the energy and how sharp he is and what he brings to the table is just quite phenomenal.

Myself, I look at this as a journey. I'm in my mid-50s today. I'm going, "If I can get 25 more years, man, what else can I do?" I think it's great to be inspired by others that still carve that path. I'm a big believer that being an entrepreneur or any of these journeys doesn't necessarily have an age. I just met Roger, personally, and seen what he's been able to do, and the vigor of what he still operates at, is, for me, very inspiring. I think that's how I would that question of yours.

Steve Sanduski: It's interesting you should mention Roger Penske, because I've been familiar with him through the motorsports, particularly, the Indianapolis 500, when I started watching it regularly back in, say, the late 1980s. His teams, he's won so many of the Indy 500, as well as some of the other kart races over the years. I've always thought, you never hear about him outside. It's like he's not on the speaking circuit. I don't know. It doesn't appear that he writes books. I've always admired his ability to be so successful in the motorsports area, as well as what you just described.

He's got these other businesses as well. He's sort of under the radar, yet. He's had some tremendous accomplishments. I'm glad you mentioned him. I think it's a good reminder for me to take a look and see if there are any books that have been written about him, or if he's given any talks or anything, because I certainly would love to learn some more about his business and leadership ideas.

Luc Stang: Absolutely.

Steve Sanduski: Alright. A second question here is, how about if your life up to this point was a book, what would the title of the chapter be that you are currently on?

Luc Stang: Sorry. I'm drawing a blank here. I think the chapter for myself, sorry, it's a bit of a pause here, would be Gratification Comes in the Doing and Not Only the Results.

Steve Sanduski: Excellent.

Luc Stang: When your results-driven, sometimes you forget about the journey we're on. Just doing what we do and make sure we embrace that stuff. It's kind of like enjoy the journey. Again, refer back to gratification, really, comes in the doing, not just the results.

Steve Sanduski: Yeah. It's just all about taking it day-by-day, living in the moment, and really enjoying the journey. Definitely some good advice there. A final one, I guess one more question here about leadership. Is there a leadership trait that you think brings success?

Luc Stang: Yeah. The one trait that I think brings success is what I call God's ratio, listening twice as much as we speak, being two ears, one mouth. I know that it seems trivial to many people. I do believe that, by listening and try to seek to understand as opposed to speak, we tend to pick up on a whole bunch of things that we normally would not pick up on. When I think of leadership, that's when it comes to mind.

I'm a big believer in luck surround the soul. It's being prepared to recognize it and embrace it that makes you lucky. Some people often say, "I'm lucky." Well, I'm lucky because I listen. It's amazing how much you'll pick up through conversation, through, A, in the acquisition side, B, client experience, see the employees and understanding where they want to go, what their objectives are.

By becoming a better listener, you find out a ways of unpacking things that normally would, maybe, just run right past or not pay attention to. There's no doubt that there's often some subtle messages that are sent, or things that are picked up on that are constantly missed. People often wonder, "I'm not lucky." Well, your luck improves greatly with your listening skills. I believe that part of my success and successful organization is by us all becoming better listeners and getting really clear on what we're hearing, to try to do a better job of understanding and making next steps forward.

Steve Sanduski: I think that's such an important point. Some people might think that listening skills is actually a soft skill. But, the reality is being a good listener is really hard. That's coming from someone who does a lot of podcasts. I can tell you, it is a real skill. It's something that we have to work on continually. You're right. The benefits that can be gained from being a good listener and being intentional about it, and coming from the place in terms of what you're listening for, I think, is one of those great skills. It's that EQ that you talked about here a little bit earlier. Definitely something that we can all work on.

Luc Stang: Steve, I'd like to add one more thing around the listening. That second part the leadership trait is around coaches. I've been fortunate enough, doing a better job of listening, of understanding at some point that I did need a coach. That coach became Sheldon Harris who started working for myself. Sheldon taught me early on it's not win some, lose some. It's win some, learn some.

Having that coach by my side to work through the challenges of integrating corporations, working with different cultures, working with different personalities, upping my own game, and holding me to a higher level of accountability, accountability, A, to my coach, and accountability to my peers, helped drive a lot of change within myself, becoming more disciplined, more focused, and finding better balance in my own personal life, in all of those objections coming on.

I'm a big believer in coaches. I've been coached in motor racing. I have a set of coach as various sports teams and as a parent. I think there's a lot of merit to, A, being vulnerable and willing to have a coach and somebody that can hold us accountable and show us our blindspots, maybe, unpack some of the things that, maybe, beyond discussions we want to have with our spouse or our business partners, more of a neutral, non-invested partner, financially invested, but more invested in your well-being and your success. Having Sheldon by my side has been a great attribute to where I am today.

Steve Sanduski: I appreciate you sharing that. Having the right coach, having that person that can be that third-party, that accountability partner, someone that can be your trusted confidant, that's been there done that as well, I think, is so critical. I appreciate you sharing that piece.

Luc, I think we're going to go ahead and wrap it up there. I appreciate the conversation, just some great insights here that you've shared from your experience in doing a significant number of acquisitions. Thank you for sharing that. Congratulations on all the great success you and the team have had at Gin-Cor.

Luc Stang: Thanks, Stephen. Much appreciated. Thanks for the opportunity to have a podcast with you and inviting me to your podcast. Hopefully, this can be an inspiration for others. Get a little uncomfortable in order to get comfortable again. Have a lot of fun on that journey.

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