



## PUMPING NEW LIFE INTO AN ORGANIZATION

Stancor Pumps Inc. has a new leadership team and, now, a diversified approach to driving growth

### BUILDING A RESILIENT PORTFOLIO COMPANY

From day one post-close, Profectus Capital implemented organizational and strategic changes to drive diversification and growth. After more than two years into the deal, management has achieved major milestones.

### PROFECTUS CAPITAL CASE STUDY



## Pumping New Life Into An Organization

*Stancor Pumps Inc. (“Stancor” or the “Company”) has a new leadership team and, now, a diversified approach to driving growth*

### Transition From Founder- to Private Equity Ownership

Change is never easy. But sometimes it is necessary.

Stancor, a manufacturer of pumps and controls, has created a profitable niche over the past three decades serving the US coal industry. The recent coal industry downturn intensified the need for Stancor to diversify the markets it served. And that realization led Profectus Capital to take action.

Profectus Capital, co-investor and independent sponsor in the Stancor buyout, began by ensuring the right organization was in place to drive positive change. The challenges transitioning a company from private ownership content with its profitability to a growth engine with intent to expand were twofold: 1) adding the right employees that would respect the history while evolving the culture and 2) building confidence that the resources are available to pursue growth.

“An organization is only as good as its people,” said Tom Nugent, Profectus Capital CEO. “The definition of insanity is doing the same thing over and over again while expecting different results. Our role, as investors and leaders, is to make the necessary changes so the right resources are in place to reach definable aspirations in line with core values.”

Today, Stancor is run by a new CEO. And a majority of the management team – the engineering, finance, marketing and operations directors – have been in the positions for less than two years. The new team has energized Stancor with best practices from a wide range of experience from other companies.

### Significant Tactical Achievements

Entering 2017, the unified team is projecting 8% annual sales growth despite counting on only 22% of its revenues from sales to the coal industry. This projected growth has been made possible by tactical achievement across the business, including:

- An evolution from selling products to providing solutions – driving expansion in packaged systems that pair pumps and controls. This has driven up revenue/application while creating value that results both in differentiation and customer loyalty.
- Investment in new products that has allowed Stancor to enter new markets and reinforce its leadership position through innovation. Stancor’s emerging portfolio has made it more attractive to channel partners, spurring new distribution agreements, and illustrated a commitment to its customer base. Three new products were introduced in 2016 and another three are planned for the first half of 2017



- A proactive sales organization that is able to identify opportunities where Stancor can demonstrate the value it provides. Two positions were added in 2016 (regional manager and applications engineer). Another two positions are approved for 2017. This will ensure Stancor both can grow existing relationships and foster new ones.

### **A Strong Foundation for Growth**

“Our goal is to build a strong foundation that can create sustainable growth,” said Mr. Nugent. “We do so by providing the flexibility to drive progress, but do so in a way that is measured from both a cultural and market standpoint.”

The coal industry is a great example. Previously, while supplying pumps to mining operations, we were subservient to the economics of industry bound by regulation. By entering new, but related, space, Stancor is selling a packaged solution of pumps and controls that allows transformer vaults to operate in an environmentally friendly manner. Stancor can now benefit from the growing demand for electricity no matter the fuel that drives its creation.”

Embracing change has allowed Stancor to “mine” its business. With a new team in place, and the resources to expand the markets it serves, Stancor is now focus on meeting its growth ambitions.

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Please visit Stancor’s website to learn more: [www.stancorpumps.com](http://www.stancorpumps.com)

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