# In the Trenches

Episode Transcript

*Guest: Rishi Sahel — Co-CEO, Orion Cordage*

**STEVE 01:29**

Hello, everybody, and welcome to another episode of *In the Trenches*. I am your host, as always, Steve Divitkos. Since the first blog post that I wrote in April of 2021, I have been rather public with my opinion that nobody knows what it's like to be an entrepreneur or CEO unless you have been one. Personally and professionally, we face both challenges and opportunities that few others can relate to. Though many understand the rewards of company leadership — things like decision-making authority and independence — very few understand the sometimes arduous journey that's required both to get there and to stay there. This is why it can feel genuinely lonely at the top. In spite of their best efforts, our spouses, our direct reports, and our friends simply don't understand what it's really like. More accurately, they can't be expected to. The point of today's episode is to give the uninitiated a peek behind the curtain, so to speak.

And to provide but one example of what leadership really looks like at the ground level. My guest today, Rishi Sahel, is a great example of a CEO who has withstood more than his fair share of punches to the gut. As you'll hear in our discussion today, these punches included, but were certainly not limited to: an acquisition of a manufacturing company in the middle of COVID when lockdown orders were in full effect; a post-COVID supply chain crisis; a post-COVID runaway inflationary environment; a lost warehouse; an attempt to buy their primary manufacturing facility out from underneath them; wire fraud; tariffs impacting a global supply chain and global customer base; and one unforgettable presentation to members of a local city council — all of which is about a million miles away from the comfortable confines of Bain, where Rishi spent many years prior to pursuing his dream of acquiring a small business.

As you'll hear, despite all of these challenges, the company that he has built has enjoyed incredible growth and success. But hopefully, a better understanding of the details of his journey will give you pause the next time you're tempted to get too enamored with what seems to be an unambiguously positive headline. And in presenting Rishi's story to you, I don't at all mean to suggest that leadership is all downside and no upside — quite the contrary, in fact.

Instead, I'm providing you with this dose of reality only because I assume you're much more familiar with the upsides of entrepreneurship and leadership, and much less familiar with the price that you're likely to have to pay in order to receive those benefits. But before we get into any of that, allow me to conclude with my usual reminder that I am an active investor in search funds and the companies that they acquire through my firm, Mineola Search Partners, which is now investing out of its recently launched second fund. So if you're looking to raise a search fund yourself, or if you have an equity gap, I'd welcome the opportunity to speak with you. But for now, I hope you enjoy today's conversation with Rishi Sahel.

**STEVE 04:35**

Rishi, welcome to the show.

**RISHI 04:38**

Steve, thank you for having me. Long-time listener, first-time interviewee.

**STEVE 04:45**

Long-time first-time. I love it. I'm excited to get into it with you, and as we were talking about before I hit record, I'm excited about the idea of this episode giving folks who've never run a business before a look under the hood of what it's like to be a leader — what the realities of leadership look like, particularly in a small business context, and some of the challenges that we are asked to deal with before we feel necessarily equipped to deal with them. But before we get into your time as a leader and as a CEO, maybe you can just walk us through your life and career before you became a CEO — some of the major stepping stones before you became the CEO of your company.

**RISHI 05:32**

Yeah. So I think it starts when I was a kid. I grew up in a family business environment — my dad had a manufacturing company growing up. And there's a lot of studies on this, but I think that plants a seed: one day I'm going to be an entrepreneur, one day I'm going to run my own show. I took a lot of odd steps to get there. I was a computer engineer at first, which feels very risk-averse, but in the back of my mind I was always thinking about what skills and lessons I needed to learn and acquire so that I could be in the seat. After spending seven years at a medical software company, I realized I needed to make a pivot — I needed to drink from the fire hose for a while, learn how the big guys do it. That was my MBA, and then I transitioned to strategy consulting. So I was at Bain for four years here in Toronto, where I drank from the fire hose. You know the background, you know the drill.

And I learned a lot of lessons. Around the four or five year mark is when I realized I'm on a conveyor belt and this is going to lead to a life that, you know, may be great, but it's going to stop me from being an entrepreneur. And I looked myself in the mirror one day and I said, if I don't make a move now, I'm gun-shy and I'm never going to be an entrepreneur. And that's okay, but I've got to decide.

Coincidentally, around the same time is when I met Martin, my business partner, who also came from a family business background. He came from investment banking and private equity. So we had a complementary skill set. And it was over beers — we looked at each other and said, "Let's do it." And that was 2019, and here we are.

**STEVE 07:14**

Fantastic. So you purchased the business that you are now leading and have been leading for many years. We're going to get to the timing separately, because you bought it at a very interesting time — May 2020 — which is probably self-evident as to why that was an interesting time to buy the company. But before we get to timing, I want to talk about the business itself, because the business itself is super unique. And from a distance, one might be forgiven for thinking that it is quite different from what search funds typically acquire. So tell listeners: what does the company do, and why did you think it was a good asset to take a big bet on all those years ago?

**RISHI 07:56**

Absolutely. So we acquired in 2020. At that time it was Orion Ropeworks and Canada Cordage, two sister companies. And now Orion Cordage is a domestic manufacturer of industrial rope. Just for context, that's not garden rope or rope that you'd use for camping or to tie down a tarp — this is specialty cordage for industrial applications. So end markets you can think of would be big power utilities for lifting, transmission and distribution, scaffolding, and pulling power lines across the country; big telecoms for pulling fiber optic cables under the ground; commercial marine; the Department of Defense — basically anywhere where there's big, heavy physical work being done, there's likely industrial cordage being used. And if you trace back its roots, Orion Cordage turns 170 years old this year. So it's a staple part of the origin story of North America.

We acquired six years ago — so that was peak COVID — have made five acquisitions in total now, and have 120 employees across our two big facilities, one in Ontario, Canada and one in Maine. That's some context about the business. And you know, we did face a lot of questions up front, as you can imagine, about whether this was off the fairway from a

search perspective. And I think our thinking at that time is best framed by a conversation we had with Gerald Risk of TTCER Partners, who was asking a question about the business. He asked the same question. He was like, “In the community, we’ve got a general set of criteria that we look at when we evaluate a business. And while we want to back you guys, I see a bunch of X’s. It’s manufacturing, so there’s complexity. It’s non-recurring revenue. You do have commodity exposure — externality complexity. You’ve got a roll-up thesis right out of the gate. I see a bunch of X’s. So what excites you about this business?”

And my answer to Gerald at that time was: “Gerald, we’ve got these rules for a reason — it’s rules-based thinking. The principle they’re solving for, the root truth we’re looking for in one of these businesses, is the unsinkable ship. We’re looking for a business that’s going to stand on its own and buy the entrepreneur some time to find their sea legs while they find the angle to improve, transform, and grow the business. And what we see in this business is a 160-year-old company — older than Canada — with decades-long customer relationships and low single-digit churn. Clearly, there’s some product-market fit. And while the revenue is not gold-standard contractually recurring, it’s highly actuarially repeating. Rope is a consumable — people use it and then they buy it again once they’ve consumed it. It’s a very sticky business. And at the same time, while it’s got this longstanding durability, they’ve really underinvested in brand-building and hunting. We just saw a lot of opportunity to take those bones and improve the business.”

So in a way it was checking those boxes of repeating revenue, high margin, low customer concentration — just in a way that your intuition wouldn’t expect.

**STEVE 11:32**

Yeah, yeah. I like that idea that there are rules, but then there’s a general spirit that those rules are trying to uncover. You used the phrase “unsinkable ship”. I wrote a blog post on this a couple of months ago called “Hard to Kill,” and I basically said that’s what a search fund ought to buy — a company that’s hard to kill. So admittedly, at the time you had questions about non-recurring revenue, about complexity because it’s manufacturing, commodity price exposure, et cetera. With over six years under your belt, looking back — which of those concerns were founded and real and true, and which were actually unfounded, not real, and not particularly true with the benefit of hindsight?

**RISHI 12:12**

It's a good question. On reflection, I think this simple, uncomplicated business is really doing this: when you are diligencing a company from the outside, one thing you can't get a good view on is how good the systems are. And that's not systems from a day-to-day perspective — it's how do you respond to new, novel, existential crises? When you have a simple business, you're kind of reducing your externality exposure. There are fewer things that can knock you out at the knees. When you have a complex business, the systems have to be good enough to adapt in those situations. And most of these middle-market businesses — founder-run, guys playing hero ball — the system is not good enough to handle that type of thing. What I would say is — and we'll talk about some of these stories — all the things that could have happened, happened.

Right. Because we bought a company at a very unique time to run a domestic manufacturing business. But while there's risk in not having a system that can keep up with the complexity, there is opportunity — because if you can be the one to build a system in that complex market, you can be the one in that industry who's fastest to mitigate risks, the one able to keep customers happier during times of volatility, and the one to keep or win share. You can quickly take advantage of opportunities. And that's kind of the story of our six years. We got punched in the gut several times, and we'll talk about some of those. Some were foreseeable, some were not foreseeable, but in each situation it taught us a lesson and allowed us to build a system in a repeatable, defensible way for the future. So I think we've built a company that has now seen a lot of things and can adapt. There was risk exposure at the beginning, and I think we've cleaned a lot of that up.

**STEVE** 14:17

Yeah. You used the word "crises," which I think was an interesting choice of words — especially being a CEO myself, I've faced my fair share of them. The bulk of our conversation is going to focus on those challenges you had to face as a CEO. But I'd love to first contrast where the business was when you bought it, and then towards the end of the episode we'll talk about where the business is today. So just at a super high level, whatever you're comfortable sharing — when you bought it, just give listeners a rough sense of what this company looked like.

**RISHI** 14:47

Yeah. So around the time we bought it — I mean, it's a pretty sizable business, one of the biggest domestic cordage manufacturing companies in North America. We were doing in the mid-20s in revenue, roughly 20 percent EBITDA. So a reasonably well-run company from a profitability perspective, and stable. But one of the search criteria we were not

hitting — and this is one I've spoken with many investors about, and it ends up being an important thing — is growth prior to close. I think that's a metric that a lot of investors are looking at closely now. This company had been flat for five years. So what that forces you to do is believe that you can develop a growth engine when it has not been demonstrated. We have been able to do that, and I'll talk about some of our successes and where we're at when we get to the end of this.

But you know, in a growing market, a rising tide can cure a lot of ills. What's the Warren Buffett quote? Something like, when a bad market meets a great manager, the market wins. And if you've got a pretty flat market, we've found some angles where we are growing very well right now. So we've pivoted and found some interesting things. But at first, it required us to find those. It wasn't in the bones of the business initially.

**STEVE 16:18**

Okay. So let's begin the process of peeling back the curtain on what small business leadership and ownership really looks like. And in your case, you got dropped right into the deep end. You acquired the company in May 2020, which was about as acute as it got in terms of the early days of COVID. So tell us a little bit about the realities of acquiring a company during such a tumultuous time for everybody, and maybe some of the major lessons that you extracted from dealing with such a very real challenge so early in your tenure as a leader.

**RISHI 17:01**

Yeah. So you hit it on the head. Our original planned close date was around February 15, 2020 — maybe the weirdest time in modern history to buy a company. The world shut down. We didn't all believe it was going to be a real thing, if you can take yourself back to those days. We thought there was a chance this was going to be a couple of months. When somebody first said this was going to last until we had a vaccine and people were going to shelter in place for a year or two years — I don't think we really believed it at that time.

The owner didn't believe it either. So he was putting a lot of pressure on us to close during that time. We were continuing to try to stretch things out to get more information about the company and just get data to see how the world was going to unfold and how the business was going to hold up. And I would say this — while it was a turbulent time for society, it ended up being a pretty good validation of Orion's business model. Demand completely held up. And when we tried to push the owner back, we didn't have much of a leg to stand

on, because a month, two months, three months went by and orders continued to come in. They were able to produce. And it turns out that when you shut down the world, infrastructure still needs to be maintained. You need to keep up power and telecommunication lines. Humans still need to eat, so we fish, right? All those critical services and critical industries — they stay on. So the business proved during that time that its demand was durable and predictable. A great positive stress test.

So we acquired in May. During that time we faced all the challenges that a CEO would face and all the questions: do you have to mask? Do people have to vaccinate? Who's allowed to come into the office? Are we allowed to travel across the border? So we dealt with a ton of those challenges, and I mean — we were still getting our feet underneath us in the business. But it kind of became a rallying cry for us. One of our values is "our customers are heroes." What we mean by that is: we're making rope, we're not saving lives. But the rope that we make powers the cities we live in, builds the bridges we drive on, provides the food that we eat. So we did those speeches in the company at the plant when we first acquired. That was our big speech. Orion is 160 years old. It has a place in this world. It's one of the pillars of our society — people just don't see it. It gave me a sense of purpose to use that language. It made me excited about running the business. I think it allowed us to pump up our employees. And I mean, it allowed the company to coalesce around new ownership and a vision.

**STEVE 20:02**

So in our ecosystem, there is wisdom — I think well-founded — of: when you go into a business as a rookie CEO, don't change too much too quickly, diagnose before you prescribe, don't make irreversible decisions, et cetera. That's all perfectly reasonable and consistent with my experience. The only nuance I would add to that is that the reality of buying a real going-concern business is that the business doesn't wait to present you with problems until you're ready to handle them. Which is to say, you're taking over a company with real problems, real employees, real challenges, real questions that need to be answered. And it basically creates a situation where the CEO has to make decisions that he or she would otherwise feel unqualified to make. So can you bring us into your own psychology at that point in time? I mean, imposter syndrome would have been running rampant through my head — a sense of, "I don't know what I'm doing, I don't feel qualified to have an opinion on this." Can you bring us inside your head at that moment in time?

**RISHI 21:15**

Yeah. I would say this: Martin and I are gunslingers. We came in and immediately had ideas and things we wanted to do. We had just come from consulting, so my Bain drumbeat was still driving me real fast. How do we learn the business as quickly as possible? How do we come up with opportunities? We were making slide decks for ourselves about how we think about this, what the scenarios are, bringing it up to our board. At that time we were having monthly meetings and often weekly calls on specific items. But I think it taught us a lot about the business.

When I say we're gunslingers, I mean we're guys who don't like to sit on our hands. In our first quarterly board meeting, I remember Bill Egan was one of our board members at that time. He said, "I like being in this position because I'm holding you back rather than telling you guys what to do — and that's where I'd like to be." So we weren't going to sit on our hands. Making decisions and learning about the business was something we were excited about. The team was good. We had a president — and he's still with the business — who had been in the business for quite a while, came from an automotive operations background. He had seen a lot of things and was willing to get in the room and just debate things with us. So we could structure conversations and do the consulting thinking of: what are the scenarios, what do we need to believe? And we had this gentleman — Steve, sorry, Steve is his name, I know it's also your name — who had seen a lot of things and lived a lot of lives. We were able to take that thinking and get to a high-confidence decision.

**STEVE 24:34**

Yeah, interesting. I also love the reframing of an otherwise once-in-a-generation challenge as actually being proof of the business's resilience. I've never thought about it that way, but that's super interesting framing. So you begin your leadership journey having to deal with COVID. I also had to deal with that — I was still running my company during COVID, and I remember I still have some of the battle scars I incurred during that period.

Fast forward roughly a year, you had to deal with a couple of whiplash effects — for lack of a better way to put it — of COVID. One of them was the supply chain crisis that followed the particularly acute periods of COVID. So tell us about that. What actually happened, what challenges presented themselves to you, and then we can talk about what you learned from those challenges.

**RISHI 25:29**

Absolutely. So I would say this is the challenge that we carry scars from. COVID we got through and learned a lot about the business, but the supply chain crisis — and the related

runaway inflation of ‘21 and ‘22 — that was a lot for our business. You know, if you recall, when we turned the world back on, the engine stuttered quite a bit. Inventories had been depleted across the system, so you couldn’t get supply and raw material. And the stuff that was available — prices shot through the roof because everybody was trying to get their hands on what was available while manufacturing booted back up. This led to runaway inflation across the supply chain. It also led to intense competition for labor, because everybody had been at home and now people were slowly getting back into the economy. So domestic manufacturing means hard to get people, and wages were also increasing. And then because manufacturers and distributors were trying to go from zero to sixty on a cold start, it put enormous pressure on global logistics systems. So freight prices shot through the roof as well. As an example, getting a shipping container from Asia used to cost us $1,500 in normal times. During that period, it was $10,000 to $11,000 to get a container. And you know, we’re manufacturing — that is a ton of margin compression, overnight.

Not only that, we’re a cross-border domestic manufacturer with a global supply chain. So we’re exposed to every one of these shocks: getting raw materials, freight prices, labor, what’s going to happen to market demand in the different industries, how do we prioritize customers — all those things, overnight. I’ll give you one example just to make it real and show you how we felt. Polypropylene is a really good example of this insane inflation. Polypropylene is one of our raw material inputs. And for decades, it sits in this 60 to 65 cent predictable range. During COVID, manufacturers shut down, so polypropylene demand reduced and polypropylene went down from 65 to 50 cents. And we were printing, right? Because our demand’s up, raw materials are down — that’s all margin. And we thought we were geniuses. Our investors were like, “You guys are great, amazing.” And then when the world turned back on, polypropylene went from the sixties to the seventies to the eighties to the highest it had ever been in human history: 95 cents. And this company had not done a price increase in years.

Prices are all over the place because we serve all 50 states, different markets, different distributors. Doing a price increase was a massive undertaking that the system was not built to do, especially overnight. So we were sitting on our hands for a bit, hoping this was going to come down. And then the Texas ice storms happened and all petrochemical production shut down across North America, and polypropylene went from 95 cents — the highest in human history — to a dollar forty overnight. And I mean, we’re bleeding at that point. So we had to immediately do a polypropylene surcharge. It taught us a ton about customers: who buys from us, what their supply chain looks like, how much notice they

have, how we interact with them. It taught us a lot about international sourcing and spot buying, and how we think about what we buy, when we buy, what we store. This was a crisis the business had not faced before, and it all happened at once. So we'd had about a year — a little bit more — of experience. We understood the business, but this is when we had to make a ton of fast, hard, overnight calls. That was scary. We still carry scars from that, but I think the business massively improved since then.

**STEVE 29:36**

What did you learn about either the company's pricing power, or just the idea of pricing power in general, as a result of that experience?

**RISHI 29:44**

Yes. Part of one of our theses at the beginning was: this business is sticky, low churn, because it's a low part of the cost bar but high criticality of failure. Like a power utility, for example, that buys a million bucks of rope from us a year — yeah, you can go to Vietnam and save ten percent, so okay, you saved $100,000. No engineer is going to risk their career on a $100,000 project when their OpEx spend is $10 billion a year. And if the rope doesn't show up, or if it's not exactly right, you stall projects or somebody gets hurt. So we believed there was pricing power. It had not been tested — we were new CEOs. So academically we believed it, but I was horrified to push through this price increase.

**STEVE 30:35**

Yeah.

**RISHI 30:43**

So we put together a great dashboard on every customer: their buying patterns, how they historically buy. And we were monitoring it weekly to see if there was any change in a customer's order patterns due to this surcharge or frank price increase — to preemptively signal whether they were shopping around or holding off. And if so, we would jump on it, because the long-term relationship to me was worth more than the temporary margin. So we solved it with data. We learned a lot. We learned we do have more pricing power than we expected — even though it was our thesis. Maybe it was a reconciliation of our academic belief that it was there and our intuition about whether we could raise prices and have people hold on.

**STEVE 31:30**

Yeah, that was pretty much exactly my experience as a CEO. We also bought a business that had a lot of intellectual reasons to believe it had pricing power, just like yours — just like so many small companies we see — and had pretty much never raised prices historically. So there was a very big, and in hindsight rather obvious, pricing opportunity. But like you, I was terrified to execute on it. My only regret — and maybe this is just one of those lessons that you can only learn and appreciate after having done it — is I wish I had moved faster and I wish I had increased prices more than I actually did, because I clearly underdid it because I was fearful. But in retrospect, that fear was largely unfounded. I'm curious if you had any similar lessons.

**RISHI 32:19**

Absolutely. I feel the exact same way. I believe that's one of my big learnings during that time, because we ate it for a while on EBITDA while we were waiting. And there's a ton of lag from our perspective. So if you think about our supply chain: I'm not selling to a guy who's out there hanging from the rope. I'm selling to a national distributor who then is maybe selling to a regional distributor or a contractor, and then it's going to the end user. So there are several layers in the supply chain. Our customers value our relationship because we are predictable and steady — our prices don't change month to month, so they can build a business on us. So when we raised prices, it ended up being for some customers a 15-, 30-, or 90-day lag. We have a large customer who has an annual price cycle — we're contractually bound by that. We were able to push it in this scenario because polypropylene was doing crazy things. But it taught us a lot about the need to do this fast, because there's a cascade effect and we're not going to get the benefit right away. I do agree with you: we had more pricing power than we expected. And if you are providing more value and you're not pricing to value, that's a missed opportunity. And closing that missed opportunity allows you to invest in growth and do a lot of great things, especially early in your tenure.

**STEVE 33:44**

Yeah. Yeah. Like I said, some lessons need to be experienced to be understood — this probably falls under that category. Okay. So the second bullwhip effect of inflation that you had to deal with as a new CEO was the inflation that followed COVID. This is related to the idea of pricing power. Talk to me about how it netted out in your business. Presumably your raw material costs were subject to inflation, but presumably the price that you charge your customers also followed the trend of inflation in some way. So tell me — how did that challenge kind of net itself out in your business?

RISHI 34:17

Yes. So we were able to pass through prices. To your point, we were new. The business had not raised prices in quite a while. So we were slow on the draw, I think. We were still learning about the strength of the business and its resilience, but that led to a lag effect. So there were several months where — when I say we carry scars from this — those months were scary. We had just bought the business. We had quite a bit of debt on it at that point and had not had the chance to pay much of it down. All of a sudden EBITDA is thinning out, thinning out, thinning out.

The bank was very receptive and we worked with them pretty closely. Our bank has been banking with us for, I think, over a hundred years — we work with BMO up here in Canada, and I think we're one of their five oldest clients. We faced a lot of challenges during that time of thinning gross margins and thinning EBITDA. In the end, we got there and margins did recover. We were able to pass through that price increase. Customers were understanding. And I mean, it was a great lesson. We didn't have to suffer during that time — to your point. We thought we did, but if we'd been a little quicker on the draw, I think it could have changed quite a few things about how we operated for the next year and change, with more confidence.

STEVE 35:47

So your next two punches to the gut were real estate related. These two happened roughly two years into your tenure as a CEO. So we'll start with the first one. Effectively, your warehouse — which is critical to your day-to-day operations given that you're manufacturing rope — was kind of snatched from you out of nowhere. As far as I understand it, your landlord needed the space with no prior indication they ever needed it. This was totally out of left field. Tell us what happened.

RISHI 36:19

Yeah. We've had a number of funny real estate situations — well, I say they're funny now that we're past them. They were…

STEVE 36:27

Yeah. Well, if you don't laugh, you have to cry, right?

RISHI 36:30

Yeah. So I'm going to tell you both stories because they involved the same person. Listeners are going to hear about this guy and maybe shake their fist. So our primary

facility in Maine — it's owned by the town. The town generally wanted it off the books, and previous owners did not want to tap the capital. They figured nobody's going to buy this customized rope manufacturing plant in Winslow, Maine. So we operated that way.

Then one day, one Sunday, our HR manager sends us an urgent email with the meeting agenda for the upcoming town council meeting. And one of the items on there was "Discuss the Johnny's Selected Seeds proposal to buy the Orion Cordage factory." And we're like, wait — we're the Orion Cordage factory. What is this? So Johnny's Selected Seeds is our neighbor in Maine, the one you referred to, and also our landlord for our warehouse. And it turns out that during COVID, everybody became a home gardener and Johnny's business started booming. Everybody wanted seeds — the seed rush of 2022, or whatever.

So we quickly made some calls that Sunday, got a hold of the town's real estate agent, and he told us, "I don't think it's a serious offer, but…" We were on high alert. Because if this plant gets bought from underneath us, it is a monumental undertaking to move this business. Our machinery is installed in the plant — this is not just a machine you can pick up and move. So the spidey senses are tingling, something weird is going on. I get on the next plane out, meet with the town manager that Monday morning, and then get a slot to speak at the town council meeting — speak in front of the town.

And I mean, if you can imagine — we're in Winslow, Maine, and the other items on the agenda are things like should we buy a new fire truck for the town, and one of the neighbors' sheds wasn't up to code. So they're going through these items, and then they introduce me: "Okay, and here we have the co-CEO of Orion Cordage who's come to address the town." So yeah — and what's funny about this is, if you're an entrepreneur and you want to build a business, you kind of have to live for these moments. You have to come in and do the big speech. You get to come in and say: Orion has been part of the tapestry of Winslow for 40 years. Our employees, the town of Winslow — our business is of critical importance. So you do that. My family's watching on live stream on Facebook or something, sending me texts.

**STEVE** 38:59

Yeah.

**RISHI** 39:22

John Williams should have scored this speech — but I got to do the big speech, which was really fun. It worked out well in the end. The town didn't sell to Johnny's Selected Seeds.

They sold it to us, and that has worked out really well. So that was our primary facility. And then the Johnny's Selected Seeds saga continues, because not only did they want to buy our plant — as you referred to — they were also our landlord for our warehouse, which was adjoining our factory. So deeply integrated into our operations. Again: seed rush of 2022. So Johnny's Selected Seeds says, "I need this space back," even though they'd been renting it to the business for ten years without question.

So we lose the warehouse. And then we're forced to immediately find more square footage. The closest one we can find is a 20-minute drive away. So we have a truck going back and forth every day — this must have been eight months or something like that. We have this secondary warehouse, we've got a truck, we have to set up a logistics system over there — but had to do it just on the fly, overnight. These are — again, your point — these are the kinds of challenges you don't hear about when you get the headline about how the business went. You get: okay, we lost a warehouse, we've got to make a plan, 30 days, we've got to move everything, all hands. And fortunately we have a great team who's able to handle that. And you know, they've learned a lot of lessons over the past couple of years — but those are the kind of things that a business operator has to face.

**STEVE 41:00**

So on the surface, these sound like highly idiosyncratic challenges that are very specific to your situation. A listener might be saying, "Well, some seed company doesn't own my warehouse, so I don't know what I can learn from this." Maybe you can talk about what generalizable lessons you extracted from this experience. Is it something tactical about real estate? Is it something more general about making the best of a bad situation and controlling what you can control? What generalizable takeaways should a listener extract from your experience here?

**RISHI 41:36**

Yes. I think the root point here is: when they talk about business complexity, there is externality surface area. When you're in manufacturing, you've got plants, you've got equipment, you've got real estate, commodities, labor — so you have all these things, and it is tougher to diligence the resilience of the business and how buttoned-up those risk mitigations are. In a business like this, it has to be worth it, because it takes work. Now we've really built up the business so we understand all those areas of exposure. And because we've seen a bunch of them, we had to do the work to really build the system. But that is an important point: when you have a complex business, you're not sure what externalities are going to hit you. You can't predict them.

You're not in Winslow, Maine, you don't have a factory — maybe you're somewhere else and you believe it's there, but there is potential risk exposure. So you just have to make sure you have your hands on the system. And an important way to think about running the business is: when you solve a problem once, try to solve it forever. So now we're in a situation where all our real estate is either under our control or under very long-term, locked-in contracts. We know the landlord, and those are no longer something that has to keep us up at night.

**STEVE** 43:07

Yeah. I love that idea of "solve a problem forever." On this issue of complexity — if let's say you were an investor and someone brought to you an otherwise attractive opportunity, but it screamed operational complexity, right? Just day-to-day complexity. Some investors would dismiss that opportunity out of hand. It doesn't sound like you're one of those people. It sounds like you might still be interested under the right circumstances. So in light of your experience, if you were to look at a business that has high day-to-day complexity, what other elements have to be there to make it an attractive opportunity for you?

**RISHI** 43:46

Yes. What we liked about this business is the asymmetric risk-return. If you look at a business like this, the chance of either losing money or having pretty subpar returns — I would say it was low. This business had been around as long as Canada. If we come in and tank the business, then maybe we just shouldn't be in business. The business is going to continue being a going concern. It is also pretty cash-generative, so you can put a healthy amount of leverage on it, and just through leverage and debt paydown, your floor of return is quite solid. Yes, externalities are going to happen and they're going to cause you to work pretty hard — but you've got this nice foundation. It was also a reasonably sizable business, so running it well and continuing to pay down debt in the face of leverage was just a reasonable outcome. And that's what we liked about it. Heavy downside protection, if I had to synthesize that.

**STEVE** 45:03

Yeah, yeah. That creates that asymmetry. Okay.

**RISHI** 45:05

What's funny now is I think businesses like this are really becoming en vogue. There's this talk about "HALO" businesses — high asset, low obsolescence — in the face of AI. You know, SaaS companies were all the rage. I was a computer engineer, I would have loved

to buy a software company in 2020, but now there is externality disruption risk there. And rope is one of humanity's oldest inventions — I don't think it's going to be disrupted.

**STEVE 45:37**

That's right. Yeah. AI-proof businesses are suddenly very popular. Okay. Let's go on to your next punch in the stomach. In 2022, I think — the same year you were dealing with all of these real estate adventures — there was an instance of wire fraud in your company. Tell us about that.

**RISHI 45:55**

Yeah, and this one is worth talking about because it's so sophisticated and bizarre. As we were acquiring our new warehouse — we had a temporary warehouse and then we actually acquired the building adjacent to us, which came up for sale, which was a godsend for us because now we've got a warehouse again adjacent to our primary factory. When we were making the wire transfer for that purchase to our lawyer in Maine, unbeknownst to us, somebody had hacked one of the emails in the company. They didn't do anything with it — they were probably monitoring it for months. Just a little ghost parasite basically sitting in the background.

And when the transaction actually happened, they must have known it was coming. They intercepted the email from our lawyer before it went to this person's inbox. They changed the PDF to change the wiring instructions. They changed the phone number on the confirmation. They had set up a fake website that looked like our lawyer's website two weeks in advance. So they knew this was happening — one letter changed in the domain name. So when this person got the PDF, they had the wrong wire instructions. They called the number, which was in the signature of the PDF and on the fake website. Talked to a person, confirmed the wiring number, set up the wire transfer, got it approved by somebody who followed the same process. And I mean, it was wire fraud.

What's nice about this is we caught it. We waited a day — learned that the wire didn't get through. Waited two days — wire didn't get through. So we reached out to the bank, and all of a sudden this person's inbox blows up with a bunch of spam — because the fraudster was monitoring to make sure they didn't reach out to the bank, so they just blew up the inbox. We got on the phone. This was me, Martin, Sima, my wife — all of us looking up the number for the FBI, all that type of stuff. And to your point, when you buy a business, it's a family affair.

We informed the FBI. We were not able to put a stop payment on it. This wire went to five different accounts, but the FBI was able to seize those accounts in time because we got this out on Friday. If we had waited until Monday, it probably would have been gone — and this was a significant amount of money. And we got all the money back.

**STEVE 48:40**

How long did that take from start to finish to get that money back?

**RISHI 48:44**

It was almost a year — must have been nine months or something like that. Because the process is complex. The FBI has to essentially sue the individual banks for the money back, because the principle is: you don't want the FBI being able to come to a bank and just take money for any reason. They have to follow a hard process. Otherwise people are worried about what stops the FBI from seizing their account.

We learned some lessons from that, I guess too. Now all email accounts have multi-factor authentication. We're required to change passwords. Every time phishing emails and things like that come up, we track them. We've got an MSP now who manages a ton of our IT. So I guess on reflection we did solve a problem once and solve it forever. But that was also one of those times where you're white-knuckling it — it just feels like you're in a movie. Is this really happening to me?

**STEVE 51:09**

What's most frustrating about that from the outside looking in is it seems like your team did everything right. They verbally confirmed wire instructions. They went on the website. Seems like they did everything right, and yet the worst outcome actually happened.

**RISHI 51:26**

Yeah, it was wild. Fortunately we were able to stop it and we don't have to look back and think about what would have happened if we hadn't gotten the money back. But yeah, it was a wild time. Just sheer disbelief at, one, the sophistication of it, and two, that it really happened to us.

**STEVE 51:50**

All right, well, the fun does not end there. In 2025, tariffs started to become a very real consideration for a lot of companies — not just in Canada and the United States, but across the entire world. You mentioned that you have a global supply chain and a global

customer base, so clearly tariffs were very relevant to you. Talk to us about what happened inside the company once tariffs started to become a real thing.

**RISHI 52:20**

Yes. So this was fun — or not. Again, for context: we've got a global supply chain, meaning we buy raw materials from the United States, from Canada, from Europe, from Asia. We've got shipping containers coming from all over the place. Not only that, we're a cross-border manufacturer with segmented manufacturing — not redundant manufacturing. Each of our plants produces different product categories. What that means is: stuff made in Canada can go to Canada or the US, stuff made in the US can go to the US or Canada. Some products are partially made in the US, shipped to Canada, finished, and shipped to the other country — and also the reverse. So deeply, deeply integrated manufacturing plants.

And in 2025, when there was a complete upending of the global trade landscape, it was a series of curveballs. And I would say it was mostly the uncertainty that was so jarring. If one thing happens, we can plan around it and our business can handle it. But if something happens and then it gets overturned the next day, and then a week later it gets overturned again — how do you plan for that? The outcomes for us: one, were we going to get hit with tariffs on raw materials that we imported? We've got a diversified supply chain so we can adapt, but the quantum and timing were changing every day. If you remember, China tariffs were like 20, 30, 50, 100, 120 percent. And we've got shipping containers on the port, and this is going to cost us a ton if we actually end up shipping them. So daily decisions. Second was USMCA — the United States and Canada have an agreement — and was there going to be some disruption to that agreement that would leave us with internal tariffs we would have to adapt around? And three, what would the macro effects be? We can handle our internal operations, but what's going to happen to customers? Is it going to cause a recession? Is it going to change or shift customer demand?

So the team ended up putting together scenario after scenario of what we would do here, what we would do there — which is how we operate now. We knew we couldn't wait for the data, because it would require big changes. So we were scenario planning. I remember I was overseas for part of this time and I was up until two or three in the morning waiting to see what tweet was going to come out after key meetings. I was on X, refreshing and refreshing to see what the outcome of the latest meeting was going to be. I can't believe I'm saying that, but it was crazy.

But I'd say in the end it was a lot of work for the team — a lot of bandwidth for us. It was the ultimate test, I think, that we'd been waiting for. All the systems we'd built around supply chain resiliency, looking at how customers order, spot buying, holding inventory — all that stuff had built us into a company that could manage this. Could we use our strategic sourcing to hold on to margin, or maybe use it as an opportunity where our competitors were having to raise prices and we didn't have to? Could we gain share where there were tariffs on import product? If other competitors couldn't get supply, could we go and pull share?

I think this upending is still evolving. But there is a real push to reshore domestic supply chains. People have said that for years, and it's been talk without action in the past. But now we're getting a lot of receptiveness from prospects we hadn't heard from in years, because they're looking for more predictable supply, predictability on costs, reduced storage fees, and — honestly — keeping jobs at home, which has become an important point for both Americans and Canadians. So I'm excited to see where this one lands. It did require a lot of blocking and tackling, but it was a test of our new resilience.

**STEVE 57:08**

Does it at all color the way you think about the merits and risks of an international supply chain or an international customer base? Or is this just an inescapable cost of doing business when you have either of those two things in a company?

**RISHI 57:25**

Yeah, I think now we're in a place where we've got redundant supply for ourselves. So when there are tariffs here or there, we can adapt — we've got supply in North America and we've got supply in Asia. So it just means you've got to be smarter about the supply chain and more resilient. When we bought the business, it was done a lot more casually — a little bit more hero ball, where somebody was like, "I can get a good spot-buy price." Now we have a raw material tracker that comes out every month, which tells us what the forecast is for the next several months on individual items. If it's going to spike, we start reaching out to our diversified supply chain. I think that's part of the system we're talking about — diversification is the answer. And part of diversification is international sourcing.

**STEVE 58:25**

Yeah. Okay, so let's move on from some of the more acute gut punches — although maybe those gut punches are contained within the following topic, which is bolt-ons, acquisitions, integrations, et cetera. At the beginning of our conversation I think you said

five bolt-on acquisitions since acquiring the company six years ago. Before we get into the details, pardon me — rewind to 2019, 2020 when you hadn't yet bought this. Were add-on acquisitions a meaningful part of your original investment thesis?

**RISHI 59:01**

Yes. Day one, when we acquired, we acquired Orion Ropeworks and Canada Cordage together — they were sister companies. So those are our first two acquisitions. We've done three bolt-ons on top of that — five total. We had one essentially lined up, and we did close on that within six months of our first primary acquisitions.

**STEVE 59:28**

Okay. So it was part of the original investment thesis, and your first bolt-on was made six months after the platform was acquired.

**RISHI 59:34**

Correct. And that is a little bit of us being gunslingers again — we don't like to sit on our hands. We see opportunities and we feel like we can move fast and figure it out. Part of this — why roll up the rope space, I guess, is a logical question. You wouldn't think it, but there are many subscale cordage manufacturers across North America. These guys started up in the seventies, eighties, nineties — some hobby shops, some developed niche products to serve a few regional customers. Many didn't make it, and the few that did grew to low seven figures in revenue. They were sticky businesses, because it wasn't worth it for a customer to shift — again, low part of the cost bar, high criticality of failure.

**STEVE 1:00:29**

Yeah.

**RISHI 1:00:30**

After overhead and owner salaries, they're not enormously profitable, but they're nice lifestyle businesses. Hard for an independent sponsor or someone else to buy because they're not making a ton of money. It is a lifestyle business the way they operate. Kids often don't want to go and run their dad's rope company.

**STEVE 1:00:53**

You don't…

**RISHI 1:00:55**

But you bring in Orion — unless their names are Rishi or Martin, right? You bring in Orion and we've got these two large facilities with excess capacity, excess space, North American-wide distribution, a good name in domestic cordage, and an existing back office. We can just absorb these. And you know, we thought naively: we've got skilled operators, these guys can do this in their sleep. Those guys are doing this in Franklin, Tennessee — of course we can do this in our plant. And it did prove to be a challenge. There's a little bit of consulting or private equity arrogance to that — those guys are doing that in rural Georgia, of course we can do it.

**STEVE 1:01:33**
Yeah.

**RISHI 1:01:53**
The challenge baked into that is that in those niche manufacturing companies, their production process has a ton of weird tribal knowledge and quirky manufacturing processes built through tinkering and adapting over the course of decades. And you cannot learn that stuff by just watching a guy make things unless you shadow them for truly months, because some stuff comes up here, some stuff comes up there. Weird example: one we acquired last year, out of rural Georgia — there was an operator who, unbeknownst to us, lived in the plant. He was a key operator who had been there a while, got divorced, and was going to move. And the owner was like, "I can't lose you — come live in the plant. I'm going to convert the office upstairs to your apartment." And he was just a great operator. And because of that, you know, it took us — at the beginning, one and a half to two times as many operators as it took them.

**STEVE 1:02:27**
No kidding.

**RISHI 1:02:52**
Because the throughput was just very different — those guys had been doing it for decades. So it ate up our margins at the beginning doing those integrations. A ton of lessons learned: bolt-ons are not as easy as you think. There are a lot of things you can't learn from the outside. But going back to our point from before — how do you take a lesson and then solve it permanently?

What we've done with that is: what started off as a program to get gross margins up to where we expected them to be for these bolt-on integrations, we've now turned into a fully

redesigned operating system for manufacturing, using a ton of data. Every week we get a report on throughput effectiveness for every operator, machine, cell, department, and company. There's a gross-margin SWAT team that meets once a week and looks at every cell and says: how's this going, how's this progressing, what's the next continuous improvement opportunity? These are things you probably could have had in the company before, but it took this challenge for us to wake up and say, okay, we're going to solve this seriously and we've got to solve it permanently.

**STEVE 1:04:06**

Yeah, yeah. I love that idea — and I think you used the word arrogance. I often say: the person who founded the company on which you've bet the next ten years of your life is probably not as unsophisticated as you've been led to believe. That was certainly my experience. Sounds like it was yours. Let me ask you a question about pacing, though. Because you said you bought your first bolt-on six months after you bought the platform. Admittedly, I'm probably more — I don't know — conservative than the average bear. So if an entrepreneur brought that opportunity to me, I would probably say, "That's too fast. Why don't you run the business for 12 or 18 months, figure out where all the bodies are buried, and then go buy your first one?" Given that you actually lived through a situation that I would have deemed too fast from the nosebleed seats — tell me about your response to my gut reaction. Accurate, inaccurate, somewhere in between?

**RISHI 1:05:06**

Yeah. I would say accurate — not because for us it worked out badly, the timing actually worked out well, but to our original point, there's a lot of externality exposure in businesses when you buy them — and you can't diligence that. You don't know what's going to happen and when it's going to happen. If we had had the supply chain crisis or tariffs or something like that happen while we were trying to do this bolt-on, that would have been very tough. Fortunately for us, we were in that period where demand held up, raw material prices were low, gross margins were good. So we had quite a bit of buffer when we acquired that business. I think that also helped us convince the board that we were doing really well — EBITDA growing, demand growing — okay, let's go to the next one.

Our plan at that time was not to buy a bolt-on and shut it down and do an integration, which would have been a lot. I think at that time it would have been too much. What we did instead was buy that business and continue to run it as the previous owner had, remotely. We maintained that business — which was out in Richmond, British Columbia — and kept it there for four years, really running as well as it had run, learning it, and then finally

making the decision to integrate into our primary facility. So it was more of a secondary side investment that we could continue to run. It wasn't large enough to be too much of a distraction. And in that situation, it worked out well.

**STEVE 1:06:54**

Can you talk about some of the benefits that you've received as a result of your acquisitive growth strategy? Obviously there's been organic growth, but obviously there's been inorganic growth as well. Specific to that inorganic growth piece, can you talk about what benefits have accrued to the company as a result of buying some other related companies? And the reason I ask is because — as you know, as someone who's been in the search ecosystem for a long time — roll-ups are like the new shiny toy in our ecosystem recently, particularly through the use of committed-capital vehicles. I tend to be reasonably skeptical of these things. I think being ten percent bigger doesn't necessarily mean you're fifty percent better, though I do see a lot of decks that seem to suggest that. Talk to us from your real-life experience — what benefits have accrued to you as a result of this inorganic growth strategy?

**RISHI 1:07:48**

Yes, absolutely. So — as we mentioned before — the business had been pretty flat when we bought it, so we had to find ways to grow. What's nice about those smaller bolt-ons — and maybe this isn't a fully translatable lesson, but it was true for us — is that those guys were really hamstrung by capacity. You've got a solo entrepreneur with his eight operators. He can only make so much. In many of those cases, they're bursting at the seams, turning away orders, because they have a niche product. Over time, they just haven't reinvested in the business because it truly is a lifestyle business. So by acquiring those companies, we've found a growth lever.

**STEVE 1:08:35**

Yeah.

**RISHI 1:08:46**

And while it takes twice as long and costs twice as much as we anticipate, in the end we've got this engine that we can grow from. We can take that product and — to use the consulting language — get the revenue synergies of applying it to our book. One of those is working out very well. The one we acquired last year — once we're at full-scale production, many of our existing customers buy these products from other people. If we offered it, we would get them to move immediately. So there's a ton of opportunity in that

one. And the third one we integrated last year as well — very, very unique product, and I think there's a ton of opportunity to gain interesting new share that we hadn't had before. So there's real growth potential. And you're also buying them, in this case, Steve, for pretty great prices.

**STEVE 1:09:44**

Yeah. Yeah.

**RISHI 1:09:45**

In that they've got depressed EBITDA from overhead, and you're also putting a lower multiple on that.

**STEVE 1:09:50**

Yeah. Yeah. And that rate-card increase benefit is a very real one. One of my portfolio companies — we just did an add-on. We bought a similar company selling similar services to similar customers, and both benefited from high switching costs. But their prices just happened to be 20 percent lower than ours. And four years ago when we first bought it, we underdid the price increase — we made the same mistake you made, the same mistake I made. So now we're more confident in our pricing power, and basically overnight we just moved their prices to our prices. We didn't lose a single customer, and there's a 20 percent uplift that brought down the multiple the first week that you owned it.

**RISHI 1:10:31**

Yeah. And you know, I go back and forth on that one, Steve. Maybe it's because I don't want to learn lessons — who knows? The benefit of raising earlier is you get some additional debt paydown, maybe you get some cash to fund growth. But if you get to where you get, and it takes a little bit longer, and it was slightly less risky because you understood the business and got more comfort around the price — I'm talking myself into it. Steve, you're right. We should have raised prices. We both know.

**STEVE 1:11:02**

So we just articulated a very real benefit that we've seen in your experience and in mine. What was unexpectedly hard about acquiring and integrating these companies? What would Rishi of 2020 be surprised to know was so darn difficult about inorganic growth?

**RISHI 1:11:27**

Yeah. Particularly in manufacturing, if you're doing an integration, these niche manufacturing companies — there are lessons that you just cannot learn from the outside on how to make things. And I could give you dozens of them. There was one guy in one of the plants who was super tall, and because of that he worked in one of the departments, which allowed him to go up and down pretty quickly. One of the steps required spraying mineral water on the fiber so that it didn't stick and break. Nobody knew any of this stuff — and there are dozens of those things. So when you're acquiring, know that you're going to have to learn lessons that these guys took decades to learn, and you're going to have to learn them fast. Maybe if you get a chance, have an engineer job-shadow for weeks. Maybe bring one of their operators over to work with you for three months to teach you those lessons. But it is harder than it looks, and you just have to be very humble: we're not better than them. They're very good. And that business has existed for decades for a reason.

**STEVE 1:12:54**

Okay, so let's bring the conversation to the present. We talked about how in 2020 the business had been run by an owner for a very considerable period of time — around $20 million in revenue, not growing all that much. You've had six years of gut punch after gut punch after gut punch. We talk about a business that's hard to kill — sounds like you've got one. Talk about what the business looks like today, even in spite of the fact that you were dealt all of these tricky hands.

**RISHI 1:13:27**

Yeah. So I'd say the biggest thing was mostly timing — you get punched with something and it causes you and the team to shift your focus to handling that situation rather than growth. But on the face of it: we were in the mid-20s in revenue when we bought, and I mean — we're on track. We've landed a big customer that's running right now, and when that's all in the business, we're going to be beating our base case revenue. So we'll be ahead of where we were predicting in the model. With our new ops program, once we get gross margins up to where I believe they need to be in these integrations, we're on a path to beat on gross margin and EBITDA as well. So we got to where we wanted to — it was not a linear path, as we've just talked about.

I'd say the other point is we underestimated the importance of having a really good system in a business like this. And now we have built a very good system. That was not in the model — that was an unknown to us. So if we talk about how we got there: we rebranded — it's fully Orion Cordage now. We've built a hunting engine for organic growth. When we

bought the company, there wasn't even a CRM. Account managers would manage their territory, keep their customers happy, and handle inbound requests when people called because of word of mouth. Now we've got outbound marketing, we present at trade shows, we do pipeline tracking, very detailed customer reviews, and things like that. All the basic business hygiene stuff. And we've developed a few new product lines that I think are going to be the growth engine for years to come. I'll give you a small cocktail party story — I've stayed out of talking about rope for the most part, but I'm going to go there right now.

**STEVE 1:15:41**

Let's do it.

**RISHI 1:15:53**

Even though rope is older than the wheel, there is still innovation in rope. So generally you make rope out of nylon, polyester, polypropylene — old-world synthetics. We're now making rope out of high-modulus polyethylene. If you think about it, this is like a Kevlar-type material — we could make bulletproof vests out of this. So this fiber is a very modern technical fiber. It's stronger than steel and an eighth of the weight. So when you make rope out of it, it is replacing chain and steel wire because it can lift 100,000 pounds — it's got a tensile strength of 100,000 pounds — but it's so light that it floats. It's dramatically reducing injuries and making it much easier to handle. It lasts way longer because steel chain and wire abrade against themselves and rust, whereas this stuff — when they did an exercise where they put it on a big mooring vessel, replacing the chain they had to change every three to five years, this, I think, in some cases lasted longer than the boat itself. So it is a market that's growing at high single digits, taking share from chain and wire. And we did not have a place in this market. So we're now on a push to earn our fair share. We've developed the catalog and it's been growing very nicely over the last two years. I think it's a growth engine for the future. But cocktail party story for you: there's rope that's replacing chain and wire. It's crazy to me to believe. I'll bring you to the factory one day and you can have a look.

**STEVE 1:17:22**

I love that. And it led to a question that I wasn't planning on asking, but I feel like I have to now because what I heard behind your answer is a passion for the product that you're selling. So I want to ask you about this concept of passion, because in our little ecosystem this is a recurring FAQ. A lot of people say, with the best of intentions, "Go buy a business that you're passionate about. Make sure you're passionate about the product or service."

I don't know if that's the right question to be asking, because I sold software to trucking companies. Guess what? I was not passionate about software. I was not passionate about trucking and logistics. But I was passionate about entrepreneurship. I was passionate about the idea of building a business. I was passionate about control and independence and freedom and autonomy and making decisions that others could rely on. It sounds to me like you've developed a passion for the product that you're selling. So based on your experience, if some young entrepreneur came to you and said, "Rishi, I've been told to buy a business that I'm passionate about" — what would you say to that person?

**RISHI 1:18:37**

Yeah, very interesting question. I think passion, purpose, mission-driven — all those kinds of things — they can mean many things. I think the value is: you need to have a vision, or a beautiful destination that you're chasing, because during hard times you just need something that's going to uplift you. And during good times, you need something that's going to help rally the team.

In some cases — all these tech companies and software companies, their vision is "We're changing the world" and all that type of stuff. What I found for ourselves in this business — and I guess the root point is: you've got to find your passion in the business. You have to. You have to find something. And it came from what I talked about earlier. I honestly struggled at the beginning. I said, "What? Why do I love this? What do I care about here?" And what I've learned to develop a passion for is the company itself — the people and the business and the legacy. There is a story that we can tell around Orion being 170 years old, serving the people who make the world work. We did it during our first speech: the power we use, the buildings we live in, the bridges we drive on, the food we eat. We did that.

And by having that vision, sticking firmly to it, wanting to see Orion win and wanting to see my people succeed — that is absolutely what gets me up in the morning and gets me past the obstacles and the challenges. That's kind of what being an entrepreneur is, right? You've got to love the business, love the process. And looking back now, I'm so proud of the people on the team and how they've grown. You see them as an entity that you can have passion and pride over.

**STEVE 1:20:48**

Yeah. One concluding question for you. Almost all of the challenges we discussed today — somewhere in your answer, you said something to the effect of, "I couldn't have known this,

I couldn't have prepared for this, I couldn't have diligenced this away." Another FAQ I get is: "Hey, I've never been a CEO before. How can I prepare, if I can prepare at all?" In light of your experience and all the gut punches you and your team have had to navigate, what would your answer be to that question?

**RISHI 1:21:25**

I think it's twofold. Up front, during diligence, find people who've lived that experience as closely matching as possible — people who've been in the same industry, served the same customers, same geography, all that type of stuff. Your podcast — and thank you for doing this — is great for that. You're passing the wisdom of the community to everyone. But try to find some people, test the business with them, ask them, "What am I not thinking about? What am I not thinking about? What am I not thinking about?" — until you get to the root and you have your laundry list of things to be prepared for.

And then point two: as we know, prepare to be unprepared. Things are going to happen. There's a great saying that I love — the obstacle is the way. There's no linear, direct path. The guys who do find one — it's very easy for them. Screw those guys. But generally there are going to be ups and downs. And if you believe that the obstacle is the path, then every time you have to make a left turn or a right turn, you are learning something as an operator. Your business is learning something. And if you can consolidate it into a lesson or a system, the business is better.

One of our board members, Ryan Robinson — you probably know him — at one point when we had a big challenge and we were feeling down about it, he said: "All you can do is think about what world do you have to build so that you're happy that this challenge occurred. How can you use this so that you're better off?" And when I see those challenges now, that's how I view them. So: talk to people up front, learn from the wisdom of the community, and prepare to be unprepared.

**STEVE 1:23:26**

Yeah, love it. This is probably clunky wording, but I often say entrepreneurs are superheroes. And I think people who have never run a company before — who have never been an entrepreneur — not only do they not understand that, they almost can't be expected to understand that. And hopefully our discussion today, which is the tip of the iceberg in terms of the challenges that you faced, that I faced, that every CEO faces — hopefully it starts to give people a little bit of a taste of what leadership really looks like. And it makes me feel even stronger today than I was an hour and a half ago about the fact

that entrepreneurs are superheroes. And I think you're one of them. So I appreciate you joining us today.

**RISHI 1:24:10**

Thank you so much for your time. And again, Steve, thank you for everything you're doing for the community. I appreciate it, and I've learned a lot from you as well.