



*Part I*  
**VICTOR BANKS'  
DILEMMA**

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## Victor's Situation

Victor's father used to say, "Our family jumped from the Iron Age to the Space Age with no stops in between." He always said it with a laugh that was part pride in his son's accomplishments and part nostalgia.

Anton Bancescu settled in small-town Ontario when he came from Europe with his wife in 1935. The Depression years were tough, and many Canadians struggled to find work to feed, clothe, and shelter their families. Anton was lucky, though. He had a trade, and he found a place that needed the kind of work he knew how to do. That's what he meant by "the Iron Age." Back home, he'd been a blacksmith and metal caster, and that was the work he did here.

When he said "the Space Age," he meant the work his son did—"with contracts from NASA, if you can believe that!" he'd say. Anton wasn't pleased when Victor changed his last name to Banks when he went to university, but he

understood the advantage it might give him in business and couldn't have been more pleased with his son's success.

Victor was born in 1940, and when he was old enough, he started spending time in the shop. Anton would let him stay for hours, talking to Victor the whole time, giving step-by-step explanations of whatever he happened to be working on. Victor loved watching his father work. He liked watching him pour molten iron or bronze into casts and then watching the hot liquid solidify into nails and horseshoes, fences and gates, streetlights and lamps, doorways and window grates.

When Victor was twelve, he was big enough to help his father. He soon started suggesting ways to change the casting moulds to cut the time and materials needed to prepare them. His methods decreased the cost of manufacturing the cast products and improved their quality.

His father's business grew, and he became prosperous enough to turn his one-man shop into a small foundry. He encouraged Victor to study, and Victor loved learning—he'd read anything and everything. One day in his last year of high school, while waiting his turn in the barbershop, he picked up a copy of *Time* and read an article about a new industry that had begun springing up—mostly in the United States but with some small operations in Canada—the plastic moulding industry. Victor saw parallels between the work he did with his father (casting molten iron and bronze) and this new industry (casting molten plastic polymers).

That article changed his life. He sensed that plastic was the way of the future and saw where this industry could go. He wanted to be the one to take it there, so he decided to study engineering. When he graduated in 1962—with the third highest marks in his class—he got a job with Atlas Plastics, a small plastic moulding company in Toronto owned and operated by George Marchek. George was in his mid-sixties, had no children, and was beginning to have health problems. He was looking for someone to take over the reins. He liked Victor. He respected his knowledge and drive. He was particularly impressed by Victor's ability to persuade even senior people to his point of view. Victor had an opinion on everything and always backed up his opinions good-naturedly—and with solid facts.

Victor had talent, ambition, and an incredible capacity to understand the practicalities of the business. He rose quickly, and though he was still young, his grasp of the technology and vision of how it could be improved landed him the offer of a senior position in the firm.

Victor knew his reputation was as good outside the firm as within and knew the offer of promotion meant that Marchek valued him. In other words, he knew he was in a good bargaining position. He accepted the promotion and let it be known that he wanted to buy a small equity stake in the company. Marchek couldn't have been happier. They struck a deal, and between the bank and his father, Victor raised the needed funds. He became head of the new

research and development department in 1967, the year his first child, Anthony, was born.

Victor was a visionary and an innovator. He oversaw groundbreaking advances that put Atlas at the forefront of the industry. Within three years, he introduced technological changes that eventually became the industry standard and integrated manufacturing systems in a way that brought rapid and profitable results.

He worked closely with Marchek, and they developed a mutual respect and affection. Before long, Victor began to see that Marchek wasn't as sharp and energetic as when they had first met. Eventually, Marchek confided in him about his health problems. He said he needed to slow down and eventually stop altogether and wanted nothing more than to see Victor take over. By the end of 1970, Victor and Marchek agreed on terms by which Victor would buy Atlas Plastics over the next five years.

These were a busy five years in the business. When he assumed full ownership in 1975, Victor had run sales and marketing and worked for two-and-a-half years as the company's chief operating officer. In that position, he'd overseen the redesign of Atlas' plant and set a strategy for further plant expansion.

They were busy years at home, too: by 1975, Victor and his wife Anne had had three more children. Rose was born in 1969, Caitlin in 1970, and Robert in 1974. The three oldest children are now married and work in the business. Rose's husband, Michael Redding, is a senior executive in

the company. Victor tells himself, "It's not quite a dynasty, but it's a start."

When he looks back, Victor wonders how the years went by so fast. His greatest accomplishment is having transformed Atlas from a small Toronto company doing business mostly with Ontario's auto industry into a multinational corporation with 1,600 employees and a reputation as an international leader in plastic moulding. Still based in Toronto, Atlas now has three operating divisions and plants in North America: the automotive plant in Mississauga, the aerospace plant near Orlando, and the consumer goods plant near Chicago. It's also developed a fairly solid European market.

Victor is proud that he's remained an innovator. For more than three decades, he's kept Atlas at the forefront of research and development, and even as the industry became more competitive, he's managed to maintain Atlas' edge.

Now, the company needs to make further major investments to maintain that edge. It needs a plant in Eastern Europe to lower production costs for the European market. It also needs to grow the consumer products division's market share in the western United States, and there may be an opportunity to acquire a major California-based competitor, which would go a long way toward solving that problem. Both courses of action require substantial capital and involve substantial risk. Victor is excited by the prospect of growing his company even more, but isn't sure he wants to undertake such big moves at his age.

As if that isn't enough to think about, Victor's accountant and close friend, Paul Stenson, is insisting he make decisions he's avoided for years. Paul's always been good with accounting and general business advice, and Victor values his counsel. But a recent meeting with Paul left Victor feeling burdened and bewildered.

That night, he told Anne about the meeting. "After we reviewed the business stuff, Paul said we should look at investments outside the business because, at our age, it's not good to have so much of our wealth tied up in the business. Then he started asking a thousand questions about what my plans are. When will I retire? Am I keeping the business or selling it? Do the kids want to stay in the business? Who'll run it when I leave? What if they run it into the ground? And what if one wants to cash out? How would it affect the company's viability?"

"Anyway, then Paul asked if I've thought about tax on death. He said it could be a big problem if I keep the company and the kids end up with it."

Paul had also reminded Victor about the estate freeze he had done fifteen years ago and about setting up the trust. "He said we need a new arrangement on that because, in six more years, there's some kind of deemed disposition, and that could mean a gigantic tax bill."

Paul had mentioned getting private equity people to put up capital and become financial partners so that some of Atlas' value could be turned to cash and Victor could avoid having everything tied up in the business. This idea

was unsettling to Victor because Atlas wouldn't be a family company anymore.

“Anne, we rely on Paul. He's given us solid, practical advice year after year. I know we've talked about all this before, but I guess I was too busy running the business for it to sink in. It always seemed so far in the future. Now here we are. He's asking questions I can't really answer and telling me it's important that I come up with the answers soon. But to tell you the truth, I think he really doesn't know any better than I do about exactly what we should do. I think he's right that we need more planning, but I think it's a more complex situation than he's dealt with before. He suggested we get some help to figure these things out.”

Anne had already told Victor what she thought he should do, though she wasn't convinced he'd do it. She wondered why Victor was even considering further expansion. As far as she was concerned, Victor had worked hard enough. He'd built a successful business and provided a great lifestyle for his family. She thought it was time for them to cash out and enjoy life while they were both still active and able.

The long-range plan when they had gotten married had been to have a family and for Victor to work hard, build the business, and retire by sixty-five so they could enjoy a nice, long retirement together. What Anne hadn't told him was that she was feeling a bit lonely. The children were adults now, and Victor was still putting in long days at work.

Anne wanted to spend more time together. She wanted to travel more, see the world, and spend more time at the cottage.

Anne kept quiet, though. Victor was clearly upset. Instead, she said, “You know how the whole family comes to the cottage for Canada Day weekend? That’s just a few weeks away. Why don’t we make it into a family meeting where we can straighten some of these things out?”

“That’s a great idea, Anne.”

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