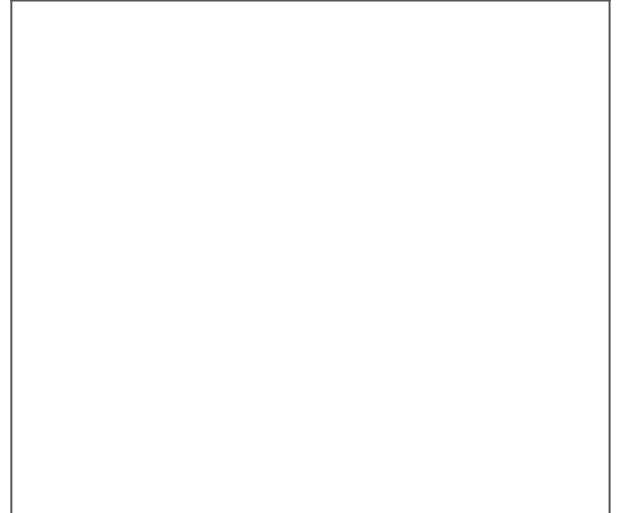


Client Spotlight - Capitol Steel

published 10/01/2012

Constructing a Manitoba Steel Business

What do the Disraeli Overpass, Manitoba Hydro Head Office and Red River Floodway have in common? Capitol Steel fabricated and erected the structural steel, provided design assist services, and conducted technical research and development in support of each project. In doing so, it spent money in the Province of Manitoba on salaries, goods and services, and paid taxes, all the while building on its solid experience, capabilities and reputation in Canada.



Today, Capitol Steel is one of the largest structural steel fabricators in Manitoba. In addition to being a structural steel fabricator, it is an installer, with design assist, detailing, engineering, drafting, prototyping, 3-D modeling and technical research and development capabilities for buildings, bridges and other significant civic infrastructure. Capitol Steel trains its employees to undertake simple to complex steel and miscellaneous metals projects, resulting in skilled job creation and the growth of the steel industry in Canada. But Capitol Steel didn't start out this way. The company has humble roots. Let's start from the beginning.

Turn the clock back to 1997, when Jeff Ganczar was working as a certified welder for a medium-sized company in Winnipeg, Manitoba. Jeff recalls a conversation with a co-worker who planted the entrepreneurial seed in his mind. Jeff says, "This guy I was working for encouraged me to start my own because he thought I would be good at it. He owned a company and in his view, most of the people he worked with wouldn't be suited to running their own company, but he saw something in me." Jeff adds, "At 21 years old I didn't really have an appreciation of what he was saying. I was oblivious to the fact that different people had different mindsets and not everyone had the work ethic or mentality to take on some risk and work 12 hours a day, seven days a week." So, in 1998, Jeff quit his job and bought a welding machine and put it on the back of his pickup truck. Jeff adds, "I started the company in the late nineties doing mobile welding repair work for farmers out of the back of my truck." Jeff's start-up company evolved continuously over the next few years. Initially, Jeff started doing repair work on construction equipment, then ventured onto job sites to do work for heavy equipment dealers. This took the business (Capitol Mobile Welding) to "the next level" as it grew Jeff's contact base in and around Winnipeg. Jeff says, "These contacts enabled me to start fabricating steel for local projects on a very small scale, initially things like handrails and stairs." Jeff laughs and recalls, "My first 'shop' was my dad's driveway in Headingley,

Manitoba."

Jeff quickly outgrew his dad's driveway (which exposed him to the elements), and in the year 2000, he began renting 1,000 square feet of shop space at the old Dominion Bridge site. This was a significant event in the evolution of the company. At the time, the company was still focusing on miscellaneous metals such as stairs and handrails, but the progression of the company was steady, and Jeff stopped doing the mobile repair work. Jeff made the decision to remove the word "mobile" from the name, and the company became known as Capitol Welding. Capitol Welding was now doing fabrication work and installing steel that it was fabricating. In late 2000, Jeff hired his first employee. From this point, Capitol Welding continued to grow and develop its expertise, bidding on larger and more complex projects, and pushing the envelope. Jeff says, "I was pushing my comfort zone. We were taking on projects that we had never done before, which was both rewarding and exciting."

The trend of pushing comfort zones continued for several years as Capitol Welding continued to grow. Then, in 2006, a significant industrial challenge for Tolko Industries provided Capitol Welding with a significant opportunity to again take the company to the next level. This project involved the partial demolition, repair, site steel fabrication and strengthening of a 2.1 million square foot timber frame sawmill building in The Pas, Manitoba. A large timber beam (55 feet long x 14 inches wide x 6 feet deep) failed and caused progressive collapse of 22,000 square feet of the building. In the middle of the Manitoba winter, Capitol Welding was called in to begin immediate emergency repairs. Jeff recalls the Tolko project and says, "This was a very complex and significant job for us. The success of this project was a real feather in our cap at the time." In 2006, Jeff Ganczar was named "Young Entrepreneur of the Year" in Manitoba. By 2008, Jeff changed the company name to Capitol Steel to more accurately reflect the transition into structural steel for buildings and miscellaneous metals for bridges. From there, Capitol Steel evolved into highway bridge rehabilitations (upgrades), then into structural steel for highway bridge girders, and finally into railway bridges, which solidified Capitol Steel's breadth of bridge experience.

Capitol Steel continued to grow significantly over the next few years in job size, revenue and employees. By 2009, Capitol Steel was one of the largest steel fabricators in Manitoba, with 100 employees, 25% of whom identified themselves as Metis or Aboriginal. The Capitol Steel shop at the old Dominion Bridge site also grew from the modest 1,000 square foot shop to an impressive steel fabrication plant boasting 65,000 square feet of space, with a 100-ton in-shop crane capacity.

Jeff says, "The steel fabrication facilities we have today allow us to provide services to larger clients and to take on more complex construction projects." A recent example is the 22-story Manitoba Hydro Head Office tower (a LEED Platinum building) in downtown Winnipeg. An interesting feature which is part of the building's "green" heating and cooling system is the solar chimney, which is an 8-story-tall, 85-ton structure, clad in glass. This structure is designed to help heat and cool the building naturally through phase change pipes that

capture solar energy.

As part of the Red River Floodway Expansion project, Capitol Steel fabricated and erected steel for two railway bridges. It also erected and dismantled a detour bridge, allowing train traffic to continue uninterrupted while the new bridges were built. Each of the 22 spans, which measured 145 tons, 95 feet long, 22 feet wide and 9 feet tall, was fully shop-assembled, hauled to site in one piece and erected.

Capitol Steel fabricated and erected the structural steel for the Disraeli River Bridge, which consisted of a 9-span, 960-foot-long bridge. The erection of the river girders involved a great deal of complexity. Two 300-ton cranes and one 135-ton crane were used to install the bridge over the Red River. These large cranes performed all of the lifts working off floating barges in the middle of a Manitoba winter. Capitol Steel also fabricated and erected the structural steel for the 11-span, 1130-foot-long new Disraeli Overpass over the CPR mainline and is currently building the Disraeli Pedestrian Bridge.

Although Capitol Steel has successfully grown over the past decade, the recession in 2010 and 2011 slowed industrial and commercial projects. The structural steel sector was particularly hard hit, which resulted in a significant decline in business; however, Capitol Steel persevered through the economic challenges, and in 2012, the business is thriving. At the time of this article, Capitol Steel expects to have the best year in its history.

Today, Capitol Steel is expanding into new markets and has been active with projects in all Canadian provinces west of Quebec, as well as several U.S. states, including Iowa, Illinois, Wisconsin and North Dakota. Part of its expansion has included enhancements to the company's certifications and capabilities, such as COR Safety Certification, ISO 9001 : 2008; CISC Certified Steel Structures and Steel Bridges Fabricator. Capitol Steel is in the process of certifying for AISC major bridge with fracture critical endorsement and building structures certification. Jeff says, "I'm more about looking to the future than looking to the past." Jeff's vision for Capitol Steel is to become one of the most technically advanced steel fabrication plants in Western Canada. Capitol is currently acquiring and deploying leading edge equipment software and technology to enhance and expand product and service offerings.

Pushing the envelope is still part of Jeff's mindset. Jeff adds, "I'm looking to expand our presence and experience in structural steel. We will be investing in equipment to position us to be more competitive in heavy structural steel, which is found in significant commercial and industrial developments, such as arenas, stadiums, mine sites and hydro-electric projects." Capitol Steel is investing in equipment and software in the coming months, including: CNC Ficep Robotic coping system/drill, CNC Laser lay-out marketing system (first in Canada) and state of the art material handling systems.

When Jeff is asked, "With the benefit of hindsight, what would you say to the 21-year-old Jeff Ganczar if you could go back?" he thinks for a moment and says, "Work on the high level,

strategic part of your mind, in addition to the nuts and bolts of the company." Jeff adds, "Don't be too focused on the day-to-day operations, develop the long term strategy part of the company." Jeff provides the following tips for aspiring entrepreneurs: allow time to focus on strategy and forward-thinking through self-education, including reading books and online articles and talking to experts in this field.

When Jeff is asked what is rewarding, he says, "I love looking around my city and my country and seeing significant landmarks like the Manitoba Hydro tower and thinking, 'We helped build that'." Capitol Steel has also been a partner on community projects. For example, it contributed to the material-related design elements of the historic Upper Fort Garry Wall and will soon be constructing it!

Just as steel is made by combining iron with other elements, it seems that Capitol Steel's recipe for business success has come from combining entrepreneurship with other key elements, such as an iron-clad work ethic and some help along the way.

In less than fifteen years, Jeff Ganczar and his crew at Capitol Steel grew the company from a kid with a truck and an arc welder repairing farm equipment to an enterprise servicing industrial and commercial clients across Canada and the U.S. The TDS Law **Construction Group** and **Acumen Corporate Development** are honoured to call Capitol Steel a client, and congratulate Jeff and his team on their success.

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