



Cantera Negra Anticipates Opportunity and Strikes a Profitable Deal

After sampling tequila served from an unmarked barrel at a small local bar in Cabo San Lucas, Mexico, Lance Gildner spent nine years searching for the name of the distiller. He planned to share his extraordinary experience with family and friends.

Finally, in 2015, his persistence was rewarded not only with the discovery of the name Cantera Negra but also with an invitation to meet the Becherano family, who owned and operated the distillery in Mexico.

Though it didn't exactly fit his profile as a tax attorney, Lance trusted the product and bought an exclusive license to import the products to the U.S.

Accelerating Quickly

Early on, Lance hired Mike Joseph as CEO and President. Together, they learned the industry and distributed Cantera Negra themselves, over time hiring a small team to help. "From the beginning, it took on a life of its own," says Lance Gildner, Founder.

Tequila was growing in popularity in the States—and it was clear others shared Lance's love for Cantera Negra as their drink of choice. In just three years, Lance and Mike increased case sales by over 250x and expanded distribution from 2 states and 70 locations in 2017 to 22 states and 3,500 locations in 2021.

"As the pace picked up, we realized that, at some point, Cantera Negra would be too big for us," says Lance. "The infrastructure, financial abilities, and human hours required would far outweigh our tiny team's resources."

Lance and Mike decided they needed someone with the background and abilities to prepare them for a possible acquisition.

Preparing for a Future Acquisition Opportunity

As a tax attorney, Lance had been a part of dozens of M&A deals. Mike had run a large company and had significant operational experience. Still, they wanted strategic guidance and began interviewing investment banking firms.

THE GOAL

As growth outpaces their expectations, Two Sons Imports Cantera Negra Tequila prepares for a strategic joint venture with a large wine and spirits house.

THE OUTCOME

After partnering with RKCA, Cantera Negra surpasses other brands to strike a deal with a Deutsch Family Wine and Spirits that accelerates its future growth.



“Initially, we got feedback from a few investment bankers,” says Lance. “They all thought we were premature. RKCA showed a genuine interest in finding out exactly what we needed to do to be ready.”

Once RKCA got involved, they began putting Cantera Negra through the typical acquisition process, even before they sourced offers. For 6-7 months, Lance and Mike gathered an abundance of information and RKCA assembled it into the right form for a sale.

Even though Lance and Mike had experience with acquisition deals, RKCA’s guidance was invaluable. “Putting everything together was an onerous task, and we weren’t prepared for it. One of the things that helped was that RKCA made specific requests that enabled us to package information so that it would be easy to serve up when the time was right. RKCA got us started and gave us a roadmap.”

Lance and Mike painstakingly collected copies of all contracts, agreements with every company and distributor they worked with, all their sales information, and more—no detail was left hidden, even though some of it was buried in disparate file cabinets.

However, the biggest asset RKCA offered was its analysis. “We knew we were growing,” says Mike. “But RKCA took data from the last two years and identified high-growth markets and emerging growth markets. They painted our business clearly and packaged it in a meaningful, favorable way.”

Readiness Pays Off

As Lance and Mike continued to work with RKCA, their business generated interest. However, most of the larger spirits companies had certain expectations for sales volumes that wouldn’t be met until Cantera Negra was a little further along. Lance and Mike planned to spend another year focused on growth when they met Deutsch Family Wine & Spirits through Chief Operating Officer David Szydlik.

Deutsch had been looking for a good tequila for years and hadn’t found the right fit. Even though they were in serious conversations with another tequila brand, they tasted a few of Cantera Negra’s samples and immediately asked to pursue a deal.

Given the preparation they had done, Lance and Mike were ready to begin diligence right away. “RKCA enabled us to hit the ground running,” says Lance. “For them, preparing for an acquisition was like

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Lance Gildner, Founder



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They might have been premature when they began working with RKCA, but by the time an attractive buyer came to the table, Cantera Negra was ready.

Structuring the Right Deal

In the spirits industry, buyers often test a brand by operating as a partner before dropping big money in an immediate acquisition. “They want to make sure they aren’t buying a story,” explains Lance. The first step was entering into a joint venture with Deutsch as Cantera Negra’s exclusive global sales and marketing partner, which would mutually benefit both parties. At the end of an agreed-upon timeline, they would have the option to buy Lance and Mike out completely.

Ensuring favorable options for Cantera Negra required finessing terms throughout the year-long negotiation process. Lance and Mike, wanting to lead the negotiations, began speaking with Deutsch weekly, then daily, and eventually multiple times a day.

Yet it was RKCA guiding them every step of the way, asking hard questions, challenging subtle details, and encouraging Lance and Mike to remain objective. “I was prepared to call our deal off twice,” says Lance. “There’s a tendency to want to “give” to some extent to keep the deal alive, but RKCA assured us that we weren’t making a mistake holding our ground. They were determined to get us the outcome we wanted and nothing less.”

Fortunately, for Cantera Negra and Deutsch, the timing was perfect. Deutsch is positioned to grow rapidly with their new tequila brand, which will significantly boost Cantera Negra’s value and increase the value of a future buy-out.

Upon Reflection

“Now that we’ve gone through the process, I would use RKCA again tomorrow,” says Lance. “Only this time, I’d flip roles. Instead of handling negotiations and telling Deutsch we had to talk to our advisors, I would let RKCA take the lead at the negotiation table.”

Surrendering any control had been hard for Lance. “There was so much at stake,” Lance explains. “Now I would trust RKCA to take

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care of everything. We wouldn't have had a deal to begin with—and we wouldn't have finished one—if it weren't for RKCA.”

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