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Growth follows sale of Milwaukee foundry supplier

Expanding products, reach

The Business Journal of Milwaukee - by [Rich Kirchen](#)

After John Brander was diagnosed with incurable cancer in 1999, his foundry-supply company entered a maintenance mode.

Brander directed much of his energy toward treating his neuroendocrine tumors and didn't invest in equipment and staff to keep **IGC Technologies** growing. While the company continued serving existing customers, Brander hired two prospective replacement executives who didn't last.

Finally, in 2003 Brander recruited Ralf Schönfelder, a German national who Brander befriended at foundry trade shows. Schönfelder had experience in the technical, sales and management aspects of the industry in both Europe and the United States.

Schönfelder started at IGC as president and in October 2006 became chief executive officer in a leveraged buyout of Brander.

Brander, now 65, sought a buyer for two years before selling to private equity firm **Brass Ring Capital** and **Lewis & Clark Private Equities** L.P. of Cedar Rapids, Iowa, for an unspecified amount. Brander connected with Brass Ring through contacts at IGC's bank, **Marshall & Ilsley** in Milwaukee.

Brander said one of his requirements for a buyer was a commitment to keep IGC and its 20 employees in Milwaukee and grow the business here.

"Rather than let it just wither away, it was better to get it sold and get people who were willing to make that kind of investment," Brander said.

Brander has defied his doctors' initial prognosis of surviving one year with the cancer, but lacks the stamina to run the business. He called Schönfelder "a very dynamic guy" with "a very good technical understanding" of the foundry business.

Schönfelder retains his German citizenship but is a permanent resident of the United States.



John-Paul Greco

Ralf Schönfelder . . .
"IGC has a very bright future."

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He's leading the company to a new era of product development and international expansion.

Invention stage

Brander developed the company's original -- and still its mainstay -- product in the 1980s. Brander, who took a couple of metallurgy classes at the **University of Wisconsin** while studying political science, had previously worked in sales in the foundry industry. He learned one of the main challenges was castings that were cracked or damaged.

He tinkered for several years before developing a product known as Veinseal that addresses the problem. The product is a powder containing a proprietary mineral mix. Veinseal is applied to foundry sand that's used to form casting molds.

Veinseal reduces a foundry's costs for repairing or scrapping castings, said Tom Stark, vice president of the American Foundry Society's Wisconsin Chapter. Many competitors have developed products to compete with Veinseal, but none have been able to duplicate its impact, said Stark, who is the retired CEO of **Badger Mining Corp.**, Berlin, Wis.

"I know of no products that were as effective as Veinseal," Stark said.

Steve Peterson, managing director of Brass Ring Capital in Milwaukee, called IGC Technologies a classic example of a company led by an inventor-turned-entrepreneur. IGC built "a nice, stable business" especially in the American foundry industry but had held steady in recent years and had only begun to tap its international prospects, Peterson said.

"What we really liked is this is largely a domestic business that talked of going international," Peterson said. "That's where the foundry industry is growing."

The American foundry industry has suffered many plant closings in recent years as foreign competitors continue grabbing market share and more manufacturing shifts away from the United States.

Unleashing potential

The sale of the company is providing the direction and resources to unleash IGC's long-term potential, Peterson said. The private equity firms financed the transaction, Peterson said.

However, the new owners and two outside board members are providing counsel to Schönfelder, who Peterson calls a first-rate manager for executing the new strategy.

Schönfelder, who is 40, said he was attracted to IGC Technologies by its unique products and the potential for expanding the business, especially internationally. He founded the company's German-based marketing subsidiary in 2003 in Göttingen and worked on the company's ultimate sale to Brass Ring.

"Brass Ring offered the best package," Schönfelder said of the decision to sell to a private equity buyer.

In the past two years, IGC's sales in Europe have grown to 10 percent of the firm's \$12 million annual revenue, Schönfelder said.

IGC is looking to further expand its penetration in Europe and is entering India, Brazil and South Africa.

Schönfelder has focused on upgrading the distributors for IGC products both domestically and internationally. He's also bulked up the staff and new-product development.

The company has added four scientists -- two in sales, one in purchasing and one in quality control. Schönfelder said the scientists possess a strong understanding of how the IGC products function and apply that to their jobs.

IGC has several patents pending on new products and has introduced the next generation of Veinseal that addresses a wider range of defects with a smaller amount of powder.

The company's other products go by the names Mastertop, Slag-Getter and Metallpur.

IGC's offices, shop and warehouse are on Milwaukee's near northwest side.

The company sells to some of the state's largest foundries, including **Grede Foundries Inc.**, Wauwatosa, and **Waupaca Foundry**, as well as **Caterpillar Inc.**, **Deere & Co.** and American auto makers.

Since the change in ownership, Schönfelder said he's pleased with the progress of IGC's staff and products.

"IGC has a very bright future based on the capabilities of our team and opportunities working with new products and new markets," he said.

IGC TECHNOLOGIES LLC

Address: 4039 W. Green Tree Road, Milwaukee

Founded: 1982

CEO: Ralf Schönfelder

Owner: Private equity group led by Brass Ring Capital, Milwaukee

Annual revenue: \$12 million

Employees: 20

Web site: www.igctechnologies.com

Business plan: Produce additives, coatings and fluxes for foundries. Top seller is Veinseal, a powder used in foundry sand to reduce defects in castings.

Growth plan: Bolster distribution to American foundries and expand distribution in Europe and other overseas markets. Improve patent protection for new and existing products.

LESSONS LEARNED

What is the biggest risk you've taken so far? "To leave my home country (Germany) and to develop my career in a different country. Integrating into a different system with new dynamics, challenges and markets."

What is your greatest business challenge? "Reinforce our presence domestically under a somewhat challenging economic market and at the same time continuing our international

growth taking place over five different continents."

What is the best way to keep a competitive edge? "Perpetual self re-invention, innovation and continuous improvements based on market requirements."

What is the most important lesson you've learned? "Business success is the sum of many small actions and certainly a team effort. It is the result of hard work and usually does not occur overnight. Persistence, business integrity and market knowledge are the vital ingredients."

Answers by Ralf Schönfelder

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