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Managers of a closed factory form a new enterprise

BY ERIC DECKER, *staff writer*

Earlier this year, MIC Group, a Texas-based contract manufacturer, decided to close the doors of its Universal Brixius Inc. subsidiary on Milwaukee's northwest side.

"If it was only the economy, they would not have closed it," said Wayne Matthiesen, former plant manager of the company. "But when they announced their intention (to close), the Milwaukee sick day legislation was on the brink, and there was the potential for cap-and-trade while Wisconsin uses coal-fired electricity. It was the financial impact (of those things), along with the recession."

"It was one of the most heart-wrenching decisions, but one I had to make," recalled Nelson Byman, president and chief operating officer of MIC Group. "These were great people, and it was not an easy decision."

Last December, Universal Brixius had about 120 employees. By March, it was down to almost 70. And by May, only a handful of workers remained to help wind down the company's operations before they turned out the lights.

However, the lights would not stay dark for long.

Matthiesen and Brian Nuetzel, former general manager of the company, purchased the long-term lease for the building, its machinery, tooling and the customer lists of Universal Brixius earlier this fall. They formed Matzel Manufacturing Inc., a startup company that provides many of the same services their former employer did.

Matthiesen had worked at Universal Brixius since 1987, and Nuetzel started his career there in 1973.

The pair had worked under several different ownership groups and managed almost all of its operations at one point or another, giving them intimate knowledge of the firm's operations, key customers and supplier relationships.

"Before we had a corporate owner, we worked for a single owner, and Wayne and I were the main forces (running the company)," Nuetzel said. "There hasn't been a deal that has been closed (here) in the last 20 years that Wayne and I weren't part of. That's going to be a great advantage for us."

Opportunity knocks

In late spring, as operations were winding down at the soon-to-be-closed Universal Brixius, both Matthiesen and Nuetzel saw an opportunity to form a new company. That opportunity became crystal clear to them as business liquidation specialists began preparing machinery for auction and clearing out the plant.

"When they started throwing out paperwork, and tooling was going into hoppers, we just had to tell them to stop," Matthiesen said. "There was too much value and too many livelihoods at stake. And we thought we would need this stuff if we were ever going to put this back together."

When Byman was in town in June, the pair asked if there was some way to prevent the auction process by acquiring the building, machinery and tooling themselves.

"One of the things I really wanted was to not have all these folks lose their jobs," Byman said. "I have a lot of confidence in (Nuetzel and Matthiesen). I think they will be extremely successful. They're good manufacturing people and good people. and I'm going to help them wherever I can."

Nuetzel said Byman's commitment to the employees of MIC Group became apparent during the negotiation and sale process.

"He has a lot of compassion for the people who work for him. I think he lost a lot of sleep with the people he had to lay off (with the closure)," Nuetzel said. "He really helped smooth out the transaction for us. When we came across a stumbling block, he was there."

Nuetzel and Matthiesen purchased more than 40 CNC milling machines, high-speed lathes and other precision machining tools, along with a long-term lease for the 55,000-square foot-building that formerly housed Universal Brixius. They also acquired tooling and lists of customers from the closed company.

Their purchase was made possible with a \$320,000 loan from Pewaukee-based Foundations Bank and guaranteed by the U.S. Small Business



Wayne Matthiesen

Brian Nuetzel

54 years of Milwaukee manufacturing

1955

The precision tooling and machining company that would later become Universal Brixius is formed by Woodrow Brixius, who worked from his basement on the northwest side of Milwaukee. By the late 1960's, his operation had grown to four buildings and about 460 employees, making it the largest job shop in the Midwest.

1979

Woodrow Brixius passes away and the company is run by his widow, an attorney, accountant and its sales manager.

1986

Universal Brixius is acquired by Charlie Goad. At the time of the purchase, the company has about 60 employees in two buildings. Goad consolidates operations into one location and increases sales by 600 percent by the late 1990's. Brian Nuetzel and Wayne Matthiesen run most of the day-to-day operations at the facility.

2000

Goad sells Universal Brixius to MIC Group, a division of J.B. Poindexter Co. Inc. 2009 – MIC Group decides to close Universal Brixius; Matthiesen and Nuetzel acquire its machinery, tooling and long-term lease and form Matzel Manufacturing Inc.

2009

MIC Group decides to close Universal Brixius; Matthiesen and Nuetzel acquire its machinery, tooling and long-term lease and form Matzel Manufacturing Inc.

Administration.

Although Matzel Manufacturing is technically a startup company, the experience of the ownership team and the low purchase price for the machinery, tooling and long-term lease made the loan highly attractive, said Glenn Stadler, first vice president of commercial lending at Foundations Bank.

"When I found out what the terms were, those deals and opportunities don't come around very often," Stadler said. "(Matthiesen and Nuetzel) are very knowledgeable but also surround themselves with good people. All of the stars kind of aligned. It made good sense, and they were able to hit the ground running with customers and orders they had already been machining for."

Greg Kolton, president and chief executive officer of Foundations Bank, said, "This was a tremendous deal and fits right into our wheelhouse of looking for manufacturers to grow economic activity in our community and jobs." Matzel Manufacturing also received financial support through several Wisconsin programs. The Department of Commerce has given the company up to \$150,000 in job creation tax credits over 15 years for creating up to 28 new jobs.

"The skilled workforce we have in Wisconsin is incredible, and to get our old employees back is incredible."

— Brian Nuetzel, Matzel Manufacturing Inc.

Finding financial assistance and incentives to hire former Universal Brixius employees is crucial to Matzel Manufacturing's future success, Nuetzel said.

"The skilled workforce we have in Wisconsin is incredible, and to get our old employees back is incredible," he said. "That means more than having the equipment here."

The state's Department of Workforce Development also helped the new company de-

velop its training program and is helping to pay for training for its employees.

"This is training for lean and so they can be multi-functioning, so we can use these guys in a broader phase of machining," Nuetzel said. "When they're done, they will be able to run complete (machine) cells."

"These are the people with tribal knowledge," Matthiesen said. "We will use as many of them as we can and put them back to work."

Changing gears

The company now has 10 full-time employees and expects to hire a few more by the end of the year. Matzel Manufacturing likely will have about 20 employees by late spring and it should have 40 to 50 within a few years.

"That's our five-year plan, but the way things are going, they could be elevated," Nuetzel said. "Some of our customers are begging us to take on more work."

Matzel plans to keep its workforce relatively small, despite its large range of capabilities. Over the next few months, the company is rearranging its machinery and developing new work flow systems to streamline flow and improve productivity – its first steps toward

adopting the principles of lean manufacturing.

"As we switch our focus from large-scale production to lower quantities, we will be able to rebuild (the facility) and our human resources," Nuetzel said. "By bringing in the best of the best (of Universal Brixius' employees), we can be low-quantity manufacturing and still make money."

By early spring, Matzel Machining will have its rearranging project completed and will have

created a series of work cells throughout the facility.

Prosperous prospects

Because of the decades they spent working at Universal Brixius, both Nuetzel and Matthiesen believe their new company has a much better chance of success than a typical startup company. Matzel Manufacturing is now serving some of Universal Brixius' former customers in the construction and agricultural equipment, small engine, fluid power and railroad markets, including Eaton Corp., Briggs & Stratton Corp., Dynex/Rivett Inc., John Crane Inc. and Citation Corp.

"We have a vendor base that we've worked with for sometimes 20 to 30 years," Nuetzel said. "Some of them were so thankful that we did (buy the company) because they didn't know where they were going to get parts from."

MIC Group will likely become a Matzel Manufacturing customer in the future, Byman said.

"I know Wayne and Brian and their capabilities," Byman said. "I think we will put some business in there. There's a certain niche they can fill, and I know I can't, and I know they're going to get the first shot at it."

"We got the tooling and engineering processes from the whole life of the company," Nuetzel said. "It's hard to put a value on the knowledge and tooling, but it's priceless. There's 50 years of trials and tribulations there."

The company is optimistic about its prospects for the first quarter of 2010.

"We have high expectations in early January for a turnaround," Nuetzel said. "We're moving faster than our projections and with different customers than we had projected. If the customers that we expected to be there kick in, there should be a huge increase for us."

Matthiesen agreed.

"We should be even more diverse (in our customer base) if we can pull some of our former customers back in," he said. ■



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