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Brass Ring pulls them up

Investment fund provides money, expertise and expansion strategies

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Private equity firm Brass Ring Capital Inc. has made its fourth investment in a fast-growing Port Washington company that is helping people become more energy efficient.

Franklin Energy Services doesn't disclose revenue, but the privately held company has added more than 30 employees this year to bring employment to 75, said Steven D. Peterson, managing director of Brass Ring's Milwaukee office.

About one-third of those employees are engineers, he said.

Brass Ring, which also has offices in Minneapolis, is searching for a strong chief financial officer who can help Franklin Energy's management team develop the company in this rapidly expanding industry, Peterson said.

That strategy - taking mature Midwest businesses with \$5 million to \$25 million in sales that operate in traditional industries, and fueling more growth - is what Brass Ring was formed to do. Since the firm raised a \$13.7 million fund in June 2004, it has invested in four companies, three in Wisconsin and one in Minnesota.

"We'll stay competitive in the world if we're more innovative and use the best available tools," said Tom

Still, president of the Wisconsin Technology Council. "A firm like Brass Ring can help accelerate the transition by making sure that resources are used in the best way and by making connections to the marketplace."

The firm's other Wisconsin investments include a Chilton provider of coating removal services and a Milwaukee company that makes specialty ingredients for foundry castings.

Franklin Energy Services was brought to Brass Ring by Promontory Point Capital LLC, a firm that helps people acquire businesses, raise capital and do turnarounds.

"Knowing the personalities of everyone involved like I did, I knew immediately I wanted to introduce Franklin to Brass Ring," said Bill Penkwitz, a partner at Promontory Point, which has offices in Milwaukee and Chicago. Growing a business often requires diversifying ownership to add expertise and capital that helps spread risk around, he said.

Brass Ring's recapitalization of Franklin Energy Services allowed owner Paul Schueller to reduce his stake and paved the way for a team of key managers led by Chief Executive Officer Daniel J. Tarrence to participate in the company's rapid growth. Brass Ring was willing to tie part of its investment success to the success of the energy consulting firm because of the "tremendous growth opportunities" it sees for Franklin, already a regional leader in this area, Peterson said.

"These days, this is a huge area because everyone is talking about higher fossil fuel prices," he said. "Energy efficiency programs have been kind of a cottage industry, but now they're coming into their own."

Franklin Energy Services implements and operates energy-efficiency programs for customers of utilities and state agencies.

Founded in 1994, Franklin Energy Services specializes in identifying and setting priorities for energy-efficiency projects while providing technical support and access to rebates that help with project costs. These services help reduce energy demand so government agencies can spur more energy efficiency or utilities can meet regulatory requirements, Peterson said.

Firms such as Brass Ring have the money and expertise in different industries to bring strong operational and marketing strategies to portfolio companies, said Penkwitz. Promontory Point has more than 3,000 sources of capital like Brass Ring in its database, he said.

That's important for small companies looking to create a national business, said Tim Keane, director of Marquette University's Kohler Center for Entrepreneurship and director of the Marquette University Golden Angels Network, the biggest angel investing group in the state by number of members.

"If you know how to grow something at the detailed level - God is in the details - and you really

understand how to make those companies work, then you have a real value-add, and the capital is just the key to the door," Keane said.

GROWTH PLANS

Brass Ring Capital Inc. has helped its four portfolio companies develop new growth plans:

American Finishing Resources, Chilton, provides coating removal services and fixture fabrication for paint and powder coating production lines.

Since funding a July 2006 buyout, Brass Ring has deepened the management team by bringing in an experienced chief financial officer and vice president of operations, and rebuilt relationships with former customers.

IGC Technologies, Milwaukee, makes and distributes specialty ingredients for foundry castings and industry.

Since funding an October 2006 management buyout, Brass Ring has helped ICG forge a partnership with Germany's Huttenes-Albertus, the world's largest foundry supply company, to distribute products outside the U.S. The partnership has led to a tenfold increase in international business in 2007. Brass Ring also tripled the company's research-and-development staff, which has led to four provisional patent applications.

Infinity Precision, Chanhassen, Minn., provides process engineering and equipment solutions.

Since funding an August 2005 recapitalization, Brass Ring has spread equity ownership to more than half the employee base, which has helped attract and retain skilled engineers. Brass Ring also helped the company diversify its customer base to several key industries from just one.

Franklin Energy Services, Port Washington, provides energy efficiency consulting services to customers on behalf of utility and government agency clients.

Brass Ring led a recapitalization in November, and its strategy includes hiring a strong chief financial officer and ensuring management has the resources to build out the organization to include offices in other regions of the country.

Source: Brass Ring Capital Inc.

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