

Re-Energizer

Donna Zobel, MBA '04, Powers Up at Ailing Firm

Donna Zobel, MBA '04, had reached the halfway mark in her studies at Ross when she was tapped to take over her late father's business. The company, she soon discovered, was running on empty – recording annual losses of \$250,000. Zobel's initial plan for Myron Zucker Inc. (MZI) was to offload it as quickly as possible.



“**A**ll I could see was that revenue was going down while expenses were going up,” Zobel says of the power quality solutions provider based in Sterling Heights, Mich. But shortly after taking the helm as owner/CEO she was energized by the opportunity to practice what her professors in the Executive MBA Program had been preaching.

“I looked around and realized we had issues but also potential,” Zobel says.

She has since positioned MZI at the center of the green technology movement, even in the heart of the suffering American auto industry. How? A drive for efficiency in its business model and the products it delivers to customers.

“We don’t create energy; we promote better energy utilization,” Zobel says.

MZI’s primary product is the power factor correction capacitor, which promotes energy efficiency in manufacturing through improvement of a company’s power factor (the measure of how effectively a company is using power). The product provides reactive current to the company’s electrical system, which would otherwise be supplied by a utility. Distribution of power is thus more efficient and cost-effective.

While energy use is a timely topic these days, the product’s origins date back to the 1950s, when engineer Myron Zucker developed the capacitor-at-load concept to correct inefficient power factors in manufacturing, primarily in the auto industry. In the late ’80s, Zucker sold his business to Zobel’s father, who had his own business building industrial control panels.

When Donna Zobel took over in 2003, she brought a fresh, outsider’s perspective. “I was able to ask, ‘Why are we doing this in this way?’” she says. “Often the answer was, ‘Because that’s the way we’ve always done it.’” That answer wasn’t going to reverse the downward trend, and Zobel was determined to force an end to the status quo. To fully gain support she led by example. “My father had been hands-off with the company for awhile,” she says. “Employees were looking for leadership.”

Zobel saw inefficiencies everywhere and soon identified ways to eliminate redundancies, streamline production, and move operations to a smaller facility. She canceled or outsourced product lines to better focus on core competencies. She also unloaded unnecessary equipment and introduced an online inventory management system.

Those early days were difficult, says Zobel. “But they were fun, too, because we could already see the improvement these changes made to the bottom line.”

Zobel next focused on reconnecting with customers and enhancing the service experience. Even the administrative staff can answer basic technical questions, and an email inquiry receives a reply within 24 hours. Customers — both Zobel’s and her competitors’ — have taken notice. “We get calls for tech support from people who bought our competitors’ products but can’t get through to them,” she says. “The bigger players in the industry

often carry multiple product lines and may find it difficult to adequately support all of them, whereas we focus our expertise on specific products that improve energy distribution and efficiency. There’s a market out there, and it may not be a big one yet. But if we have the corner on it, then that’s good for us.”

MZI continues to gain market share by diversifying beyond the auto industry. Clients now include companies in the marine, medical, food processing, water treatment, and military realms. “We shouldn’t be pigeonholed because we are in Detroit,” Zobel says.

One relatively new customer is a commercial fishing company in Iceland, which utilizes MZI’s technology in the winches that operate its nets. Zobel also has targeted and signed a number of lumber mills.

“I get to understand how the world works because I learn how things are made,” she says. “Industrial processes making everything from church pews to fast food cups run on motors that would benefit from our equipment.”

As the energy debate rages in the nation’s capital, Zobel sees endless opportunities for continued growth at MZI. But she is dismayed that the federal stimulus package focuses more on development of renewable energy than reducing consumption. Such an approach is erroneous, she says. “Regardless of where it’s coming from, we must reduce our dependence on power by focusing on efficiency.”

Plus Zobel says existing legislation is cumbersome. Since energy efficiency grants vary by state, she has to master incentives for each state to educate clients on how best to take advantage. Regulatory requirements also vary by state — there are no consistent metrics or rate and billing structures for power companies.

“If you want to provide federal tax rebates,” she says, “there has to be a level playing field.”

Despite the confusion Zobel continues to push for efficiency with or without regulation. She and her engineers review potential customers’ utility bills to show them how they could save money. She suggests ways to reduce operating costs such as routine equipment maintenance, checking for leaks in compressed air lines, even printing on both sides of paper — steps to take now without using her products. “Companies understand the importance of energy efficiency, but many can’t make the investment right now,” she says. “Many are worried about whether or not their plant is going to close.”

Selling clients on the benefits of a deferred ROI is tough, but Zobel is convinced the payoff is coming. “Developing industrial powers like China are going to [see the value of energy efficiency] down the road, putting them at a disadvantage once U.S. industry is operating with more energy efficiency.”

Accordingly, Zobel says now is the time to prepare for the future. “As our economy turns the corner energy efficiency will become more top of mind,” she predicts. And she hopes her investment in relationship building and manufacturing relevant products will keep Myron Zucker Inc. top of mind as well. “We don’t stop in terms of marketing or customer follow-up or sharpening our pencils to make the best products out there,” Zobel says. ✖

By Amy Spooner // Photo by C.J. Benninger