

New ownership group plans to jump-start stodgy Novatec

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Novatec has a new ownership group, including a new CEO who just six months ago was a top executive at Novatec's main competitor.

After years of trying to stay one step ahead of Novatec, Conrad Bessemer now has a different goal: to double Novatec's size in three years.

Bessemer and four other investors became Novatec's new owners in a buyout that closed last month. The investors paid cash for stock in the privately held company, but further terms were not disclosed.

Officials say the deal will give Novatec the financing and expertise to move forward, while keeping it under local control. Larry DeBaugh, who has been with Novatec for nearly three decades and was previously its largest shareholder, is part of the new investor group and will continue as chairman of the company.

Since the deal closed, Novatec has brought on about seven new employees, bringing its total to about 140, nearly all of whom are in Glen Burnie.

"It was a business that had not grown over the last five years, but could be grown with new, energetic sales management," Bessemer said.

Novatec was expert at engineering and solving customer problems, but it wasn't as adept at marketing that expertise, said Bessemer, previously head of competitor the Conair Group's business in the Americas. He stepped down from Conair in February after 19 years as an executive there.

Novatec's equipment prepares plastics to be molded into parts -- from automobile components to children's toys and contact lenses. Before plastic is processed, it is in pellet form. Customers such as automaker Saturn Corp. use Novatec's equipment to dry the pellets and add components such as colorings.

The business has changed owners and locations several times since its founding in the 1940s. In 1985, Novatec was spun off from Baltimore's C.M. Kemp Co., which was acquired by Monsanto Corp.

At least 50 investors still held Novatec stock from that spinoff, and the group was ready to sell. DeBaugh, who is 60, also wanted to line up a growth-oriented management group to succeed him, he said.

Last summer, Baltimore corporate advisory firm **Executive Sounding Board** contacted more than 75 potential buyers for Novatec, ESB President Eric Nass said. The finalists included a major Novatec competitor, an Italian-based firm and a local investment group, DeBaugh said.

Since the late 1970s, Novatec has grown from less than \$400,000 a year in revenues to about \$23 million, DeBaugh said.

Bessemer estimates Novatec holds a 25 percent market share in its primary product -- dryers that remove moisture from plastics for processing. To get to the next level, Bessemer said, Novatec aims to beef up its marketing and expand overseas.

International expansion will come primarily from working through distributors, rather than opening manufacturing plants overseas, he said. Novatec also hopes to capitalize on interest in energy efficiency with more efficient dryers.

Customers already are responding to the new Novatec, Bessemer said. At a major international plastics trade show in Chicago last week, Novatec got twice as many inquiries about its products as it did at the last show three years ago.

Officials say the change will bring growth rather than layoffs. The group of recently added employees includes former Conair executives and employees from other competitors. Some longtime Novatec executives have also been promoted.