



AMERICAN METAL MARKET

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## CG Electrodes' Nathan Milikowsky

### **'We have a high-quality product; how do we make it low cost?'**

PITTSBURGH — When Nathan Milikowsky was contacted in mid-December about possible interest in bankrupt Carbide/Graphite Group Inc., his initial reaction was lukewarm at best.

**By John E. Sacco**

"All I knew about electrodes then was that if they are not high quality, customers won't use them. And if you're not low cost, the competition will drive you out," said Milikowsky, a 40-year metals industry veteran from Chestnut Hill, Mass. "I figured the company was in bankruptcy and its products weren't high quality or low cost."

After talking to some of Carbide/Graphite's former customers, Milikowsky's view slowly started to change.

"Talking with (former) customers, they said they were sorry the company closed because it had a great product and nice people," Milikowsky said. "I began to understand, through my investigation, we were talking about some of the highest-quality product in the world. Then it became very exciting. My question then was how can we make it low cost?"

Last November, Carbide/Graphite, which filed for Chapter 11 bankruptcy protection in September 2001, announced plans to liquidate assets related to its electrode and graphite specialty business (*AMM*, Nov. 5). In April, Milikowsky and Renaissance Partners LLC received bankruptcy court approval to purchase for \$6.2 million the idled St. Marys, Pa., graphite electrode manufacturing business of Carbide/Graphite (*AMM*, April 17).

The company that emerged is known as CG Electrodes LLC.

Milikowsky said the challenge for the company is to be the highest-quality, lowest-cost producer.

"Here in the United States, we can make the finest product in the world when we set our minds to it," Milikowsky said. "My addition to the mix is that I put together the business model to make it the low-cost producer in the world for premium-grade electrodes. We want to make this very efficient, very productive. We plan to follow the mini-mill model. If we add to that a customer focus, we could be a great company and build an important niche for our customers."

Milikowsky said that CG Electrodes initially was shooting for a small market share. But once the company proves it can produce the same high-quality product the former company produced, it will attack the marketing issue.

"We have been out of the marketing," Milikowsky said. "We have to get our business back. We're aiming for a relatively small market share. What we've been told by our customers is they'll welcome us back."

Exporting also is expected to be a big part of Milikowsky's strategy for success. He said that Carbide/Graphite exported a significant part of its production and he anticipates that CG Electrodes would export a significant percent of its production going forward.

"Prices around the world are very attractive these days," Milikowsky said. "The electric steel furnace product keeps growing year by year. The trend line is actually quite favorable."

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