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Business

2 strong wills collide at Steeltech

Journal reporter Glenn Deutsch interviewed David Guerrero, the former president of Steeltech Manufacturing Inc., and Fred Lubber, the chairman of Super Steel Products and the man who conceived of Steeltech, in March and April for a feature story on the making of Steeltech. In the last two weeks, that story has been overtaken by Guerrero's ouster as Steeltech's president and his subsequent charges that the minority-owned company is having financial problems and is controlled by Super Steel. These profiles today on the principal figures in the controversy are based on Deutsch's earlier reporting and subsequent interviews late last week.

Luber

A player uses his power for society and the bottom line

By GLENN DEUTSCH

of The Journal staff

When Fred Lubber shakes your hand, he might pump and pull you toward him. What might be an offensive move for a younger man is a charming power display for the gregarious Milwaukee industrialist.

He is a raconteur, especially with stories about money. He is a prominent state Republican and well-connected player in Milwaukee community affairs who dreamt up a new minority manufacturing company because he believes in empowerment through wealth.

After all, it worked for him.

Luber, 66, chairman and chief executive officer of Super Steel Products Inc., owns about 70% of a company with a net worth of about \$10 million, annual sales of about \$50 million and 600 employees. It is an employee-owned company, and some day top management will inherit it.



LUBER

Luber

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But his own wealth may not be Fred Luber's greatest legacy.

This could be: Luber had the idea in May 1990 to create a minority-controlled subcontractor from scratch in order to help Oshkosh Truck Corp., one of his major clients, win that \$1.4 billion military contract. The result is that Steeltech was born with a \$50 million subcontract in its mouth and, says Luber, the potential to create at least 100 jobs for minorities and something even bigger, if other companies follow Steeltech into the central city. In the process, it would make haves of some have-nots and Luber and some rich business friends even richer.

Luber, who was trained as an engineer, had found a new niche in life as a social engineer.

His connections are evident at many steps in the Steeltech saga:

He is a trustee of, among other companies, Northwestern Mutual Life Insurance Co., which was a founding investor in Steeltech to the tune of \$500,000; a director of the Milwaukee Economic Development Corp., a quasi-governmental agency that helped Steeltech at a few junctures; a director and past president of the Private Industry Council, which helped fund a Steeltech with a job-training grant; and a member of the Greater Milwaukee Committee and Metropolitan Milwaukee Association of Commerce, two business groups that lent their names to Steeltech's private fund-raising.

It was the Milwaukee law firm of Michael Best & Friedrich, where Luber's Republican soulmate John K. MacIver is a senior partner, that helped start Steeltech. (According to a source close to the formation of Steeltech, Michael Best & Friedrich has made just under \$400,000 on the project.) And it was MacIver's clout — he is state chairman of President Bush's re-election campaign — that helped bring Bush on a visit to Steeltech's Northwest Side plant in March.

But Steeltech is not the first remarkable creature co-founded by Luber. Our governor was.

Luber and MacIver suggested to Tommy G. Thompson, then the Assembly minority leader and a nothing in Milwaukee business circles, that he run for the Republican gubernatorial nomination in 1986.

"When we first started his campaign, John MacIver and I did, people said you're crazy — you know? — he's not electable," Luber said. "On the other hand, there was nobody else." With Luber as campaign finance chairman in 1986 and again in '90, Thompson won both elections.

Luber also was finance chairman of Democrat John O. Norquist's two mayoral campaigns, in 1988 and 1992, and he sits on Norquist's informal kitchen cabinet of business leaders.

People who watched the Steeltech story unfold say it was not only Luber's personal influence but

his persistence that got the company off the ground.

"Fred has a determination and a credibility among his peers that is unique," said Saul N. Winsten, the attorney at Michael Best who made sure Steeltech qualified as a disadvantaged small business.

"He's made a lot of promises to a lot of people. And if I know Fred, he's going to keep them," said Randy Crump, who was Steeltech's board chairman until his own business, Aptech Inc., went into receivership in March.

"I think his heart is in the right place, but it's also next to his wallet, you know. He wants to make money. And if he could do good at the same time, fine, but the ultimate objective is to make a buck."

Luber neatly traces his own understanding of these things: "I think originally all of us are very self-centered in our approach. We're looking for the accumulation of wealth, stature, whatever else."

"I think when you get involved in running a company, eventually you develop a very broad approach. You're the last one to win? Everyone else has to win first? Your customers, your employees, your vendors and all the rest of it."

"And I don't mean winning as to be another General Motors, necessarily, but to make a contribution, and not just the accumulation of wealth."

Luber's ideas about race itself are less well known. He has argued that Milwaukee's black-white unemployment disparity has more to do with education and skills than race. About 30% of Super Steel's employees are black.

His views were shaped in part by his own experience as a child growing up fairly comfortably in Whitefish Bay during the Depression. Luber's father, the chief engineer for Wisconsin Electric, designed and built the Port Washington and Lakeside power plants.

"The poor in those days didn't have a car, didn't have television, didn't have a lot of things, OK? Didn't eat out. And now the poverty level is what, \$12,000 a year or something like that, and you're entitled to two televisions, two cars, whatever, I don't know."

Luber sounds the same theme on black disenfranchisement: "There's a lot of people that feel that we owe them something 'cause generations ago they came in slavery and the rest. And my feeling is that's an excuse or a problem; that's not a solution. I think the solution all lies in them. Education is available to them. Motivation and the rest of it."

Luber's own empowerment began after he quit his job as a sales manager at Louis Allis at the age of 40. He and his wife, Anne, were raising four children.

He took over Super Steel, then a 16-employee operation, in 1966.

The management at Louis Allis was hidebound, Luber said. "After fighting with it for years, it finally dawned on me they had the right to be what they were, and I was the problem." He laughs. "Which was a terrible realization."

Guerrero

A mechanical engineer with entrepreneur's dreams

By GLENN DEUTSCH

of The Journal staff

David Guerrero loves "The Adventures of Don Quixote." He explains it slowly and with great feeling, trying to show the duality of business situations and personalities.

"When you read Cervantes, Don Quixote, yes, he had some crazy ideas and went after some imaginary problems, but there was also Mr. Sancho, his colleague. He was very practical. And one of the marvelous things about Cervantes is how he talks in that book in these two characters about what's in all of us."

And what's in David Guerrero. Trained as a mechanical engineer, Guerrero the businessman has had the entrepreneurial bug for years, demonstrating a charisma and a zeal for his projects that wins many people over.

Others have found the man has impossible dreams.

Guerrero was hired as president of Steeltech Manufacturing Inc. in June 1990, about three months before the company won the defense contract from Oshkosh Truck that was to get it started.



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"We were very optimistic at that point that we'd put all the chemistry together," Fred Luber, the businessman who conceived of Steeltech, said in a March interview.

"We went out and looked for a minority person that had both the technical and business experience."

Now, in the wake of Guerrero's

ouster as Steeltech's president two weeks ago, Luber says:

"It's not that we didn't hire perfectly, but we had set up a mentoring relationship. Not just us and Oshkosh Truck, but the whole community set up the missing talent at Steeltech. People have problems, very few of us are perfect. If the [mentoring] concept had been followed on Dave's side, it could have worked."

Guerrero, 50, grew up in Bogota, Colombia. He is tall and lean and looks like a Spanish Dan Rathcr. He is *bien nacido*, well born, of pure Spanish lineage, he says. His father is a retired civil engineer. As a boy, Guerrero tagged along with him on big public works projects

and liked the way he coaxed his laborers by appealing to their pride. His mother has a teaching degree but stayed home to raise six children.

Her eldest son says the most important thing she ever taught him was to be "sincere and true to your friends."

Guerrero graduated from the University of Texas, rose through the ranks of a big engineering firm with a division in Milwaukee, gained his US citizenship here and was bitten by the entrepreneurial bug.

In 1986, he started a small company with \$45,000 in savings, about \$1 million in venture capital and a \$295,000 loan from the state Department of Development and the City of Hartford. Guerrero says he also invested sweat equity, working for 15 months without a salary. He ultimately lost the company and his entire investment to the venture capitalists.

The company, H.E.D. Controls, is an electronic-control business, and today, Guerrero admits he didn't know enough about electronic engineering to run H.E.D.

"I'm sure that was one of his problems. Everyone perceives things from his own vantage point," said company president Emily Hill, who with her husband, Roger, put up the venture capital, and who took over as president when Guerrero was ousted.

H.E.D.'s \$295,000 loan, which Guerrero raised, was supposed to create 40 jobs in 1½ years. It didn't, Hill adds.

Today Guerrero admits the bug made him act rashly. "I wanted so badly to have a company of my own that I was willing to do any deal just to have it, and it was the only deal I could make."

He regards H.E.D. as "part of the learning experience — it led to

here," Steeltech.

After H.E.D., Guerrero landed a cushy job at a second large engineering firm, grew bored again and was bitten by a much bigger entrepreneurial bug when Roger Peirce, Luber's president at Super Steel, called him about Steeltech.

Peirce said that at the time, he knew all about H.E.D. and that there were two sides to the story.

"I spoke with people who were on both sides of the issue at H.E.D. I thought the entrepreneurial experience would stand him in good stead as far as Steeltech was concerned," Peirce said in a March interview. "There were two sides to that story, so I basically discounted anything that I had heard that was on a negative side." He said he checked with prior employers, too.

Jorge Mir, part owner and chief financial officer of Central Manufacturing Corp., a minority-owned steel products company in the central city, found Guerrero impressive.

"I thought he was a very polished individual," said Mir, who met Guerrero at a talk before the Hispanic Chamber of Commerce and more recently when Guerrero asked Central for a quote on some parts. "A good public relations person as well as a businessman."

If Guerrero finds himself ousted from Steeltech for good, he may fall back for awhile on his personal life. He and his wife have three children ages 14, 8 and 7, and live near the University of Wisconsin-Milwaukee. He is a yachtsman. He is the only businessman among 12 members of a *tertulia literaria*, a literary circle that meets every month to read classical Spanish poetry.

Guerrero's patrician zeal has a thoroughly classical lilt: his other cultural hero is Beethoven. He loves the perfection.

He also, by ear, taught a small-town organist to play the second movement from Beethoven's Fifth Symphony on the piano instead of the conventional wedding march for his wedding. "It's a very elegant march, just absolutely perfect."

In this story, Guerrero is a seat-of-the-pants mentor rather than a dedicated mentee, which is how Fred Luber envisioned Guerrero and Steeltech.

The organist, he says, was "a very nice lady, but she wasn't a virtuoso musician, so I ended up coaching her on what it should sound like. I'm not a musician, but I know what it should sound like. So we did that. And she practiced, I mean for weeks, she practiced it. And I'd say no-no, a little more of this, a little of that . . ."

Years later, this past April, Steeltech completed its financing and the closing on the purchase of its plant site over four days. The last day brought together about 40 people, including investors, city officials and others. Luber stayed in the background. Guerrero was the big speech-maker.

After the ceremonies, he said he had a peculiar feeling when he woke up that morning.

He said he felt just the way he did before he was married.