

Blue Line Battery approaching profitability, president says

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The president of Blue Line Battery, a Beloit-based startup producing lithium-ion forklift batteries, says the company will begin turning a profit in July.

“Most startups never see that, so our business is really, really growing,” Phil Fonfara said yesterday during the Wisconsin Entrepreneurs’ Conference, held by the Wisconsin Technology Council in Milwaukee.

He said the business has raised \$5.7 million to date, nearly all of which came from within the state.

“We are unique in that we are not backed by any venture capital funds, any managed money funds. Our shareholders are primarily angel groups,” he explained, pointing to Milwaukee Venture Partners, Silicon Pastures, Midwest Wealth Ventures and others.

Since partnering with a Pulaski contract electrical component manufacturer called MCL Industries, Blue Line Battery has ramped up its production.

“Initially we were doing about five to 10 batteries a month with them, at the start of our partnership about a year ago,” Fonfara said. “Now we’re scaling up to 100 batteries a month starting in August. That is really what’s turning our course to profitability.”

He noted several million electric forklifts are used each day in the United States, 95 percent of which use lead-acid batteries. He said these batteries use a “tremendous amount” of electricity compared to the newer lithium-ion variety. According to Fonfara, Blue Line Battery helps its customers save up to 70 percent of overall electricity consumption.

“When you think about two million forklifts running in the U.S. every day — electric forklifts — these aren’t like electric vehicles where they might be used one to two hours a day,” he said. “Some of them are being operated 22 to 24 hours a day.”

He said forklifts running on lead-acid batteries emit hazardous fumes and have to be charged in specific rooms with venting to prevent explosions from occurring due to gas buildup. Because lithium-ion batteries create no emissions and reduce energy usage, he predicts this technology will be widely adopted within the next decade.

Fonfara added lithium is recyclable and all the materials used in the Blue Line’s power cells can be obtained from recycling companies. While the company currently sources those cells from China, he said company leaders are “looking to bring production in house” and incorporate recycled materials into that process.

Two Wisconsin investors urged entrepreneurs at the conference to be patient, avoid overly technical pitches and do their homework ahead of meeting with potential investors.

Tim Keane, director of Golden Angels Investors in Milwaukee, said “everything takes longer than everybody thinks” when it comes to growing a startup company.

Jenni Le, an associate with Venture Investors in Madison, said some founders can get caught up in explaining the technical details while investors are often more concerned with other aspects of the business.

And she cautioned those seeking investment against casting too wide a net, instead urging attendees to select pitch targets that fit the business in question.

“It shows us that you’re serious about fundraising and that you’re not just spraying and praying,” she said. “And you do have to kiss a lot of frogs to find the investor prince, certainly it can take a lot of meetings. But don’t just spam investors’ inboxes.”

Both investors said startup teams with prior successful exits are typically more successful, while Le also highlighted the importance of technical expertise and existing industry connections.

Listen to an earlier WisBusiness.com podcasts with Le: <https://www.wisbusiness.com/2022/wisbusiness-the-podcast-with-jenni-le-an-associate-with-venture-investors-health-fund/>

-By Alex Moe