



First installment of MECO's rise following Hurricane Katrina

(NEW ORLEANS, LOUISIANA) -- In 1943, Mechanical Equipment Company (MECO) came to life in New Orleans. On August 29, 2005, it almost died there. Its sprawling, multi-level factory where it manufactured, assembled, tested, and shipped high-technology water-purification systems backed up to one of the city's now-infamous levees. Machines that flame-cut metal prior to welding were in the lower bays, while an elevated bay housed CNC machine tools, pumps, and many other needed components. Final assembly and test took place in many areas of the plant, including a new bay recently put into use.

Given its location and experience, MECO and its employees are no strangers to hurricanes and the flooding they can cause. There was an established and well-rehearsed plan in place for bringing in flatbed trailers before any hurricane hit. In the lowest sections of the factory, everything would be temporarily taken off the floor and stored on the trailers, giving about four feet of additional clearance. Over the years, no more than one to two feet of water ever entered the plant.

August 29, 2005, however, saw a storm surge estimated between twenty and thirty feet high come on shore with Hurricane Katrina. For MECO, it meant as much as 17 feet of water surged into the factory, ripping out the back walls, covering everything on all levels with seaweed, silt, and brackish water. Weeks later when MECO personnel were allowed to return to their factory, rust covered anything made of iron and steel, including all production machinery. Four inches of muck covered everything. The only equipment salvageable were the overhead cranes that moved metal and equipment around the factory.

Contamination also takes its toll

MECO is a global supplier of water purification systems for biopharmaceuticals, marine oil & gas, municipalities, and the military. At one end of its product application spectrum are ultra-pure water systems used in the manufacture of pharmaceuticals. At the other end are portable desalination systems that fit into a Humvee for supporting military personnel overseas. MECO's 60-plus years directly adjacent to the Port of New Orleans was the ideal location for obtaining unlimited amounts of brackish water for testing its products. Business was very good, and the company was in a substantial growth mode.

In fact, on August 29, 2005, the plant was full of in-process systems almost ready to ship to customers. Included were numerous ultra-pure systems for the biopharmaceutical industry each ranging up to a million dollars in value. Although 15 feet high and constructed of stainless steel, the flooding half-submerged them and they became contaminated by the silt and whatever was brought with it. The massive job of tearing down these complex devices was deemed impractical. In addition, about 200 of MECO's smaller desalination units were tossed around in the flooding. The physical damage and water-borne contaminants instantly turned all of them into scrap.



The sole bright spot – MECO's headquarters were located in a downtown office building out of harm's way. Corporate records, engineering, and computer programs were all intact. But the manufacturing lifeblood of the company was completely lost.

Staying alive

George Gsell, president of MECO, is a third-generation manager of the business and a lifelong New Orleans resident. He and his long-time management group found themselves facing the fact that 80% of employees were homeless and scattered. The first order of business was to locate everyone, determine their status, and their ability to return to work. Fortunately, everyone was found.

Throughout the greater New Orleans area and east into Mississippi, Katrina-related damage was devastating. Essential services including power, water, and sewers were non-existent. In order for MECO to remain viable while the New Orleans area recovered, Mr. Gsell looked toward Houston, Texas, as did so many refugees. There they found a modern facility in Sugar Land, Texas that could house MECO's engineering, service, testing, and assembly functions. New equipment was ordered and the plant outfitted for the latest technologies in inventory control, quality, coating applications, and integrated testing.

The plant employs 100 workers. Some dedicated MECO personnel relocated to the area temporarily or even commuted 350 miles from the New Orleans area. The rest of the people were hired locally from a pool of skilled labor that simply didn't exist around New Orleans. This factory, at least, would allow the company to begin delivering on its commitments to customers, albeit far later than planned. The company's headquarters remain anchored in New Orleans.

Logistics problems

MECO still had no machining and fabrication capabilities in-house. Randy Gonzales, foreman of the devastated machining and fab shops, was selected to establish supply lines for the myriad components that make up sophisticated purification systems. As Randy dug in, he found that sub-contractors along the Gulf Coast were already struggling to keep up with orders. The oil and gas industry was booming. Medical and other industries competed for available capacity, and MECO was just another voice in the crowd trying to be heard.

Randy found the minimum lead-time was eight weeks for fabricated or precision parts. In addition, he had to deliver engineering drawings, qualify suppliers for quality procedures, and schedule receipts as well as he could. In some cases, parts became available, but transportation was not. Logistics quickly became a nightmare and deliveries came slowly.

Support everywhere helps the turnaround

Mr. Gsell credits many organizations for offering helping hands during the first months following the disaster. This included their , bank, state and local authorities, customers, vendors and more. In fact, some customers placed large new orders to help support MECO's survival. In Mr. Gsell's words, "We will never be able to match the purity of the generosity we have recently experienced and would like, on behalf of the entire MECO family, to thank everyone who helped assure that no matter how much was lost, hope would always be retained."

At a meeting in Houston, MECO's primary machine tool supplier, Mazak Corporation (Florence, Kentucky) agreed to help the company re-start a machining operation in the New Orleans area. Experienced machinists and fabricators are valuable, and MECO had 60 of them trying to make a living in the New Orleans vicinity. Mazak offered priority deliveries of machines, extended financing terms, installation and startup support, and on-site training and applications engineering. "Sometimes we have to stand up and be counted," said Mazak Corp. President, Brian Papke. "We believe this area needs real examples of success stories for others to follow." With Mazak's latest in machining technology in place, MECO would be able to cut the cost of its components, run a lean operation, and have extra capacity to grow.



MECO Machining & Fabrication formed

After some five months of working their recovery plan, Mr. Gsell became aware of a factory complex just north of Lake Ponchartrain available under a foreclosure. Terms were favorable for an arrangement covering four manufacturing buildings in Goodbee, LA, meaning the final ingredient for rebuilding was at hand. MECO could refurbish these buildings, and with supplier commitments like Mazak's, emerge stronger, more efficient, and more aggressive in growing their business.

Now Randy Gonzales and other MECO associates could turn their attention to building a brand new company. This new subsidiary of MECO is designed not only to efficiently supply the parent's needs for components, but to build itself into a world-class contractor in the heart of the Gulf Coast. The need was obvious, as Randy had learned first-hand, and the opportunity seems boundless.

Even six months following Katrina, across the lake from New Orleans proper, it was a challenge to get the operation running. Heavy power for the plant had to be brought in, buildings repaired, and equipment delivered. Availability of materials was a constant challenge, and the ingenuity of the MECO people was put to the maximum test.

A highly anticipated ribbon-cutting ceremony will be held at MECO Machining & Fabrication Co. in May 2006. It will acknowledge the remarkable efforts of MECO's employees, their supplier-partners, and every level of support that has brought the company back to life. Moreover, it will signify a new chapter for MECO, one full of promise in an area still under the heavy weight of Katrina's devastation.

Mr. Gsell is particularly proud that total employment is now at the same level prior to Katrina. Significantly, two-thirds of those valued employees were retained from its original workforce. He hopes that MECO's example can be encouragement for other area businesses struggling to survive.

This is the first installment of a series dedicated to MECO's comeback. We will follow the company and its people as they implement high technology operations and work to fulfill their destiny.

To learn more about MECO, visit their website, www.meco.com.

