

# north east contact

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# Fired up for the future

STORM CLOUDS MAY BE GATHERING OVER SOME PARTS OF THE ECONOMY, BUT ENGINEERING COMPANY MECH-TOOL IS BUCKING THE TREND WITH A MULTI-MILLION POUND TURNOVER AND HEALTHY ORDER BOOK. FOR THIS MONTH'S SUCCESS FEATURE, IN CONJUNCTION WITH *THE NORTHERN ECHO*, **PETER JACKSON**, PAYS THE DARLINGTON FIRM A VISIT.

EVEN in the brightest of economic climates Mech-Tool's figures would be regarded as impressive. In current conditions, they are remarkable.

In something like 14 months, the privately owned Darlington-based engineering business has grown from an annual turnover of under £9m to more than £17m and its number of employees has doubled in three years to 180.

It's a trend it is confident will continue, with an order book for next year already worth some £10m to £12m. As business development manager Phil Dunn says: "We also have a number of very hot enquiries and if we are successful with those, that will secure work for 12 months and we will be looking to increase capacity in certain specialist areas."

Managing director Keith Bell, (pictured left), expects turnover to reach £22m next year. Looking further ahead, he says: "Over the next three years we are hoping to take the company to an annual turnover of about £30m with some increase in staff levels, possibly going over 200 employees."

The company is extending its Whessoe Road offices to accommodate the extra work and to house another 20 staff and it has already increased factory capacity by 1,250sq m.

But prospects were not always so rosy for Mech-Tool, which supplies engineering solutions to protect people and equipment from explosion, fire and noise hazards. The company, which celebrates its 40th birthday this year, originally and traditionally supplied the oil and gas industry with fire and blast walls. It prospered during the North Sea oil boom of the 1980s, but, as that came to an end a few years ago, new contracts became harder to win. It was at this time that the company diversified into other related areas, such as acoustic products and modules for accommodation, storage and control functions.

This kept the business ticking over, but it was not performing spectacularly, until the management team reviewed the business operations 20 months ago.

"Previous to the last two years, the company was turning over about £6m or £7m a year and it wasn't really making any significant profits. So, it was decided the company should take advantage of the skills within the business and expand," says Mr Bell.

The platform for this growth was splitting the business into four divisions: fire and blast wall, noise mitigation, modular and the manufacturing facility. Keith Bell is convinced that had it not been

for that reorganisation, the company would not have been able to handle its increase in turnover.

He explains: "What we have done is put the people who are selling, project managing, designing, drawing and looking at the material controls altogether in one area with a total focus on those particular products and market. Previously the company was highly functionalised and there were barriers between departments, which we had to overcome and change the culture.

"In the 38 years before we made the change, the culture had developed in such a way that the departments had strong views and we had to break those down. You had separate departments: a design department, a drafting department, a project management department. It was a bit like a public sector type of organisation."

The modules division demonstrates how well the reorganisation has worked for Mech-Tool. The division manufactures bespoke modules, which can be for living accommodation, control cabins, switchgear and instrumentation, laboratory functions, tool stores, equipment rooms, safe havens,

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*Down to work: Mech-Tool employees fabricate fire wall panels for SLP Vahall*



plant enclosures and telecommunications cabins. These, which may require explosion protection, fire protection or to be seismically qualified, are made fully fitted out and ready to be dropped into a site and ready for use. This could mean building multi-story living quarters of 800 tonnes.

The company made a 192 birth living accommodation for SeaDragon Offshore, built up from a series of individual modules measuring 11m by 5m. These were manufactured in Darlington and assembled at the company's facility in Middlesbrough to form one structure. This structure is then fitted out to include beds, a gymnasium and a cinema. On completion it will be installed onto the hull of the vessel and then shipped out to the Gulf of Mexico to provide accommodation for offshore workers.

## 22.success story: Mech-Tool



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In March 2005 there was a disaster at the BP refinery in Texas, where a major explosion killed 15 workers and injured more than 170 others. Later the same year, an explosion at the Buncefield Oil Storage depot in Hemel Hempstead was followed by a major fire and resulted in more than 40 people being injured. These events led to changes in the industry to improve safety.

Phil Dunn says: “New legislation is driving the onshore refineries, processing plant to look at safety, and the modular style is a perfect solution for many of the issues within those refineries related to fire and blast. It allows them to locate the operating people and office staff still on the plant in the hazard zones.

“Many of the refineries in the UK are 30 years old and when they were built there was never any serious thought given to explosion protection of personnel and equipment. But following a disaster people really look at their standards and their processes and to move existing control room from the centre of a refinery is very difficult

and very costly, but we have the solution where we can either upgrade their control room or replace it without having the plant shut down.”

Another area of the business which is proving to be profitable is the industrial noise control market. The company offers acoustic surveys before giving clients a solution to their noise problems, for new and existing industrial facilities and offshore locations. Mech-Tool has had significant successes within the acoustics division and more recently has secured contracts for Petrofac on the Thistle Alpha and Northern

Producer platforms (£1.5m) and compressor and generator acoustic packages for Solar Turbines (£3m).

Mech-Tool’s management believes the reorganisation and the expertise the company has built up means it can now move into other markets: nuclear, wind power and defence. By licensing overseas manufacturers, the company can also service overseas markets, to which it would be too expensive to ship its products from the UK.

“We have a licensee in Kuala Lumpur and South Korea and we are looking to expand through these licensees where we would do most of the engineering and some product supply and they would do the majority of the manufacturing and distribution, because these markets will exist around the world,” says Phil Dunn.

Mech-Tool will also continue with its programme of continuous improvement. This started in 2007, looking at internal procedures and pre-production activities and with a heavy emphasis placed on improvement in the factory and working conditions, giving employees ownership of their working areas.

The company will also continue to work with North East Chamber of Commerce.

“The important thing is the networking you can do within organisations such as the chamber of commerce,” says Keith. “This helps to make contacts with people who have the knowledge of when new projects and enquiries are expected, and that’s a very important part of planning for the future.”



*Hands on: a Mech-Tool worker installs an electric panel on a compressor skid unit*