

NEW MEXICO MEP HELPS LARGO TANK & EQUIPMENT INCREASE PROFIT TENFOLD

ABOUT LARGO TANK & EQUIPMENT INC. Tracing its roots to a small business in Kansas in the 1930s, Largo Tank and Equipment Inc. was reborn in 1995 when it was purchased by employees Michael Barker and David Wagoner, who renamed it and expanded the cargo tank repair facility to include manufacturing of different types of rolling equipment. The company, now owned by Wagoner, his son Adam, and Barker's son Heath, focuses on welding and mechanical service work on all types of semi-trailers, tankers, and truck mounted equipment.

Its 54 employees working at three locations that encompass a combined 35,000 square feet in Farmington, New Mexico, include hydraulic repair specialists and mechanics certified in air brake and other repairs. The company is registered with the Department of Transportation to perform inspections and repairs on hazardous materials cargo tanks, and it holds an American Society of Mechanical Engineers (ASME) U-stamp for pressure vessel manufacturing and an R-stamp for pressure vessel repairs. Its truck equipment division has hydraulic repair specialists, and its parts division stocks thousands of common and not-so-common parts representing hundreds of brands. The company serves a variety of industries, including oil and gas, mining, construction, and fire suppression.

THE CHALLENGE. In 2014, Adam Wagoner attended a Lean 101 workshop conducted by Denise Williams, New Mexico MEP's Northwest Region Innovation Director, when he realized MEP strategies were a good fit for his company's culture of employee development and promoting from within. Since then, and with the help of New Mexico MEP, part of the MEP National Network™, the company has trained all employees in lean strategies and 5S techniques, utilized value stream mapping during expansion, deployed continuous improvement tools, and obtained assistance with robotics. When inventory loss and bottleneck issues were identified in the parts department, Wagoner turned to New Mexico MEP again.

MEP CENTER'S ROLE. New Mexico MEP facilitated conversations between workers in all departments to determine where bottlenecks and frustrations occurred. Employee engagement utilizing continuous improvement strategies identified the need for better inventory control and additional workers in the parts department. An inventory control system was purchased, and parts department staffing was doubled.

"Denise gave us the tools and her time to implement [lean strategies] in a group that had never dealt with it before. She really broke it down to a digestible level for our employees. The biggest impact has been facilitating conversations where we had the guys on the floor discussing with the guys in the parts department where their frustrations came from. It helped us resolve some of the underlying tensions and improved our processes. Denise is tireless, always trying to spur us into action. We spend so much time working in the business rather than on the business, and she has been very helpful."

-Adam Wagoner, Vice President

RESULTS



3 new jobs were added to the parts department



95% decrease in inventory loss



Profits increased tenfold by increasing project capacity

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