

Energy's fall creates perfect storm for Magnus, which embraces new manufacturing, markets

BY JIM STAFFORD
For The Oklahoman

EDMOND— The timing seemed perfect in 2014 for Wayne Darce when he left a longtime job in oil-field equipment manufacturing to open his own Edmond-based oil-field equipment manufacturing and repair company.

Magnus Industries opened for business in the fall of 2014 just in time to catch the front-end of a dramatic decline in energy prices that brought oil and gas exploration to a halt.

"We had the need, had the customers lined up, so we opened the doors, and about two months after we opened the doors oil prices went down," Darce said recently as we talked at Magnus Industries' 12,000-square-foot manufacturing facility in far north Edmond. "And there went that work?"

For the next few months, Magnus Industries scrambled to find any work to sustain the business that includes Darce, his wife, Kasy, and business partner Jeff McLaughlin, who is Kasy's son. They repaired trash dumpsters, repaired lawn mower engines and built fences, among other odd jobs that kept some revenue flowing.

"The downturn, no one expected it to be what it was," Kasy Darce said. "It was like an emergency stop, especially with what we do. We definitely weren't prepared."

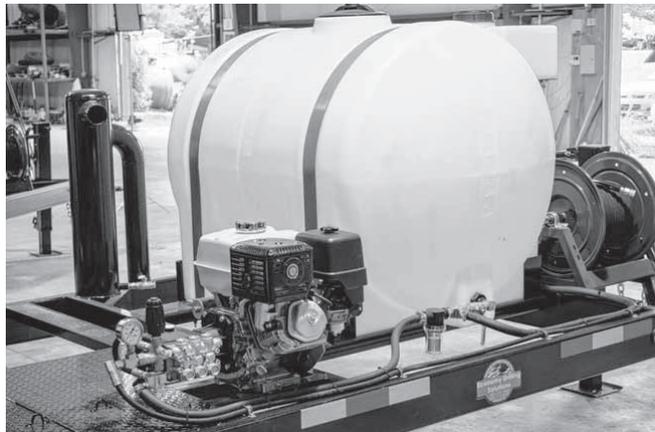
It was clear that dumpster and lawn mower repair wasn't a long-term solution for Magnus Industries.

So, Wayne Darce made a call to Kevin Barber, an extension agent with the Oklahoma Manufacturing Alliance (OMA). Darce had worked with Barber at his previous employer and knew he had a variety of resources.

Barber brought in another OMA extension agent, Mike Raymond, who is known as an "Innovation Engineering Black Belt."

"I pulled Mike Raymond into a brainstorming session with them," Barber said. "We sat and talked with them for a while and really got a feel for what they wanted to do moving forward. By the end of that brainstorming session, they had decided that they wanted to purchase another company."

At virtually the same time, an Altus-based manufacturer of hydro excavation equipment called Economy Drilling Solutions was seeking a buyer. Another OMA extension agent in southwestern Oklahoma,



Completed Lo-K-Tors consist of a pressure pump, water tank and wand, trailer, vacuum pump and debris tank. (PHOTO BY JIM STAFFORD, FOR THE OKLAHOMAN)



Jeff McLaughlin (left) and Wayne Darce own Magnus Industries. (PHOTO PROVIDED)

Bill Cunningham, brought the owners together.

In a sale that closed in October 2015, Magnus purchased the Altus business and brought its manufacturing to Edmond.

After making design changes to improve the product, Magnus began manufacturing and selling different models of its Lo-K-Tor hydro excavators to utility contractors and municipalities.

The Lo-K-Tor consists of a pressure pump, water tank and wand, trailer and vacuum pump and debris tank for a base price of about \$36,000 each. The previous owner was selling about one unit per month.

Magnus Industries has since expanded the number of trailer-mounted models it builds from two to four, along with six sizes of truck-mounted models. Despite competing against long-established manufacturers of hydro excavation equipment, Magnus has more than doubled the volume of its business.



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"We are selling probably four units a month right now," McLaughlin said. "It seems that every month we get more interest, more calls, and as more units go out more people see them. Our equipment is priced so well that even if they've never heard of us, they have to look at us."

With no outside sales force, word of mouth advertising has been critical to Magnus.

"The first week we had Economy, we ran into a customer who had some issues, and we sent them an engine even though we weren't responsible for taking care of that," Kasy Darce said. "Since then, that customer bought more units and recommended us to people."

Now the business partners are working to manage growth, take on more oil- and gas-related business as that industry rebounds and expand capabilities without adding debt.

"In three or four months we should be to the point where we can finance ourselves in all we want to do," Kasy Darce said. "We feel we are doing fantastic."

Maybe their timing was perfect when they launched Magnus Industries in 2014.

Jim Stafford writes about Oklahoma innovation and research and development topics on behalf of the Oklahoma Center for the Advancement of Science & Technology (OCAST).

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