

Encon competes in a global market

By JESSICA MORGAN
Post Correspondent

DALLAS - If you spend any time reading or listening to news about the world of business, you'll soon become familiar with the phrase "globeconomy." Whether because of the explosion in telecommunications, the rapid expansion of infrastructure, or simply because of the sheer demand for overseas products, consumers are part of a world which seems to be shrinking a little more every day.

Now what does all this global economics have to do with the Back Mountain? Energy Converters, Inc. had been doing business on a worldwide basis, even before it was acquired by the largest company in its field of heating elements.

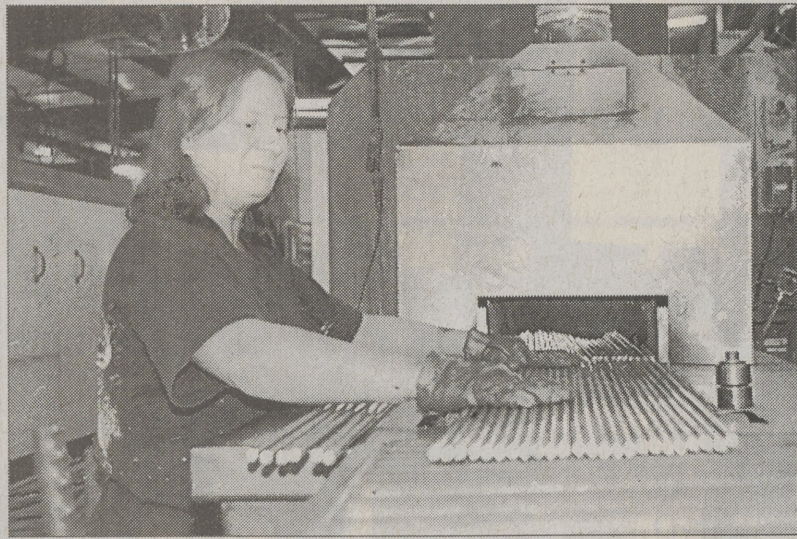
Encon became an attractive purchase for Watlow Electric Manufacturing Company not because it was a low-cost producer, but because of its strength in research and development. "Virtually all of our competitors are building factories in Mexico and shipping across the Mexican border without tariffs and other fees," he explained. "So these companies can make their products cheaper since wage rates are lower."

"Through technology," said Lloyd, "we can do things our competitors can't. We have patents for products only we can use and we have a number of items in production all the time." Breakthroughs in development of such things as replacement heating elements for glass-top stoves have kept Encon on the cutting edge of their industry.

"Glasstop stoves are the biggest selling stove in the marketplace today," says Lloyd. "And we hold a patent for a vital element of it."

Yet businesses such as Encon are always sought after by companies hoping to lure away jobs to foreign labor markets. Companies like the ineptly named Dual Industries of America are always looking to recruit manufacturers such as Encon to use employees subcontracted by his firm.

The Dallas Post inadvertently obtained a fax from the company last October. Arlen Eisler, director of Dual Industries, was very uneasy when asked if he had spo-



Betty Weaver of Noxen, top photo, and Pam Long of Harveys Lake, are among 230 employees at Encon in Dallas.



"Glasstop stoves are the biggest selling stove in the marketplace today, and we hold a patent for a vital element of it."

John Lloyd
Encon general manager

plant, but he did confirm that his company does do a lot of "cold calling" to manufacturers through the use of facsimile machines.

"Encon could have been one of fessed. "I really couldn't tell you for sure.

What is certain is that Encon is now part of the largest heating element company in the world.

Encon

(continued from page 1)

the operation."

Simms-Brown said Encon was a strategic acquisition for Watlow, because Encon produces heating elements for consumer products in high volume, a market Watlow isn't strong in. Watlow specializes in heating elements such as those used to cook hamburgers on large griddles at McDonald's. The company also produces products that are used in the space shuttle and satellites, hospitals and other institutions.

Also, Encon's research and development group was working on a new heater technology at the same time as Watlow, and the combination will bring the product to market later this year.

Lloyd will become general manager of the Dallas plant, and will have responsibility for the Watlow facility in Montgomery City, Missouri. He and Peter Eckman, sales manager, will report to Tom Weiss,

"In fact, Encon may be expanding. Watlow is more than willing to invest money into the operation."

Judy Simms-Brown
Manager of marketing communications
Watlow Electric Manufacturing Co.

Watlow vice president, North American theater. Charles Eckman will stay at Dallas as engineering manager. Bob Orlando will be promoted to operations manager.

Lloyd said the companies share some product lines, but have different customers and distribution channels.

Hanford Eckman, Encon's

founder, will retire, but will act as consultant to the new owners. Eckman formed the company in 1973, after leaving the Singer company. He had been general manager of a Singer plant in Trucks-ville, in the building now occupied by Rider's World. Singer closed that plant in 1972 and moved production to New Jersey.

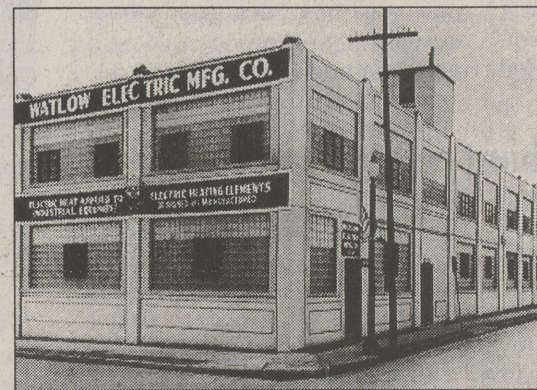
Lloyd said Eckman helped set up the new plant, but wanted to return to the Back Mountain. He knew there was a good staff in Dallas, and started Encon on the site it now occupies off Lower Demunds Rd.

In a note to Encon employees, Neal, Watlow president, said Encon was an attractive acquisition in part because the new technology Encon has developed can be brought to market quickly with Watlow's backing. He also said Encon's manufacturing processes will add to Watlow's capabilities.

New owner is largest in the industry

Founded in 1922 in St. Louis by Louis Desloge Sr., Watlow Electric Manufacturing Company has grown to be the world's largest designer and manufacturer of industrial heaters, sensors and controls. The company has more than \$200 million in annual sales, 18 manufacturing plants in the U.S., Asia, Europe and Latin America, and employed 2,600 people before the Encon acquisition.

A family owned and operated company, Watlow began when Desloge started making electric heating elements for the shoe industry. The heaters replaced a more costly steam process. The company quickly expanded into consumer items, selling electric irons and heating pads under the Queen Quality name in 1924. The company name is derived from the low wattage heating units it pioneered. Continuing to add products,



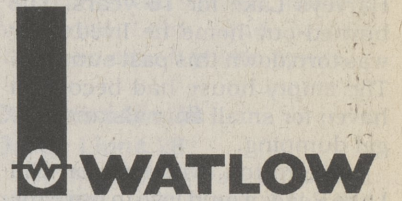
Watlow started in St. Louis in 1922

the company first sold items outside the U.S. in 1945. In 1958, the company built a plant in California, and in 1973 opened its first overseas manufacturing facility in Germany.

A series of acquisitions began in 1977, when Watlow purchased Waynco Inc. of Winona, Minnesota. Encon is the company's ninth purchase of a manufacturer. In 1995, Watlow started the Alliance Heater Company in Montgomery

County, Missouri, to manufacture high volume tubular heaters and assemblies, a business similar to Encon's. John Lloyd will manage this facility as well as the Dallas plant.

Watlow continues to be family owned and operated. Gary Neal, the president and CEO, who was in Dallas to make the announcement of his company's purchase of Encon, is only the third president in the company's 76-year existence. He and Lloyd emphasized that Watlow is committed to maintaining and perhaps expanding the Dallas operation.



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