Making money on the river

By CARL REDMAN
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Capt. Billy Watson rocked back in his swivel chair and smiled ruefully.

Life on the Mississippi River is tough — especially tough these days — and Watson has seen a lot of friends and competitors grounded on the shoals of the national recession.

And, while Watson feels sorry for many of them, he's proud his company has managed to stay afloat.

The way Watson tells the story, Watson Marine Services Inc. started out in the back pocket of a visionary river pilot, moved to the trunk of his car and finally opened its own offices in St. James Parish.

The river service company today is a diversified concern offering towboat and pushboat services, barge fleeting and cleaning, vessel docking and undocking, shipyard services and more. Watson Marine Services has an interest in midstream loading and unloading facilities. The principals in the firm are even working with an international stevedoring company on a land-based coal holding yard in the port area.

It's an impressive list of services and interests, and between the lines it contains the secret to Watson Marine's success during these troubled times.

"We protected ourselves by getting into multservices," Watson said. "We had fleets, barge cleaning. With our own services, we created our business."

In fact, Watson said, at a time when many small operators are seeing banks foreclose on their boats, Watson Marine has recently christened two new boats — a pusher boat and a towboat.

In a way, it all started about a decade ago when the towboat Atchafalaya sank. It doesn't really matter how and where the boat went down. What matters is that a bank in Plaquemines had title to the Atchafalaya and sold it to river pilot W.O. Watson Jr.

Watson and his son got the hulk to the Port Allen Marine shipyard and began the process of refitting and repowering the new Tina Watson, the first boat in what has grown to a 10-boat fleet.

"When I first bought the Atchafalaya, it was the biggest joke on the river," Watson laughed as he recalled those early days. "But later, after I was done with it, one of the bigger river pilots... came up and said, 'Billy, what the hell did you do with the old Atchafalaya?'

"And I said, 'I put it down at St. James, and this past year I made a half million dollars with it.'

Watson laughed again to himself and shook his head.

"Those people would come in and laugh. They'd joke with us," he recalled. "But I tell you what, I don't think she's averaged under $1,000 a day in gross income since.

Watson Marine Services is an example of the opportunity that exists on the river, the company founder said. And its formula for success — hard work, plenty of experience, vision and more hard work — is one anyone can use and make it on the river, Watson said.

Watson said he traded off of his expertise on the river to diversify his holdings and attract customers.

Within a few years of opening the company, Watson brought in Doug Mayeux as vice president. Between the contacts Mayeux had from decades in the shipbuilding business and Watson's contacts as a river pilot, the company prospered.


"You know Avondale Shipyards? That started with a river pilot... He could see the need to get out of the harbor with the barges, so he developed fleeting first. I could see the same thing happening in Baton Rouge... I could see the development of the river, could see the plants coming in."

"As a river pilot, I was in a position to know when a new industry was coming in," he said. "So, I saw Baton Rouge was like New Orleans 30 years ago when this little old river pilot started like us with barge cleaning. I don't think we'll ever get that big (big enough to build ocean going vessels), but we will build big river boats."

Watson said that all a river man has to do is keep his eyes and ears open to what shippers and plants need and then fill those needs.

"By being a ship pilot, I see what's happening on the

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river," Watson said. "I heard agents hollering for water (at St. James), so I went out and bought a water barge and put it where they wanted it... Being a ship pilot, I knew it cost the industry $2,000 to $2,500 for a tug. I went down with the Tina Watson at $450 and they used it. I heard the shipping people say they were going to need flooding and I listened."

But it takes a lot of money to get into river services. Boats are expensive and operating costs consume an awful lot of the gross billings.

During flush times when there's a lot of traffic, it's not that difficult for an independent boat operator to stay in business, Watson said.

However, if all he's got is a boat, a river man can starve when the traffic gets as slow as it's been since mid-1982, he said.

According to the most recent statistics from the Army Corps of Engineers, the Port of Baton Rouge slipped from fourth to fifth in total tonnage among American ports in 1981.

And, while tonnage over public facilities held its own in 1982, there were significant declines in private shipments, according to local port experts.

While other Gulf ports were seeing declines in tonnage over public docks, Baton Rouge saw a slight increase in 1982, according to port Business Manager Gary Pruitt. Preliminary statistics from the port commission indicate that gross revenue from public facilities was up nearly $700,000 in 1982.

However, Pruitt added, business has dropped significantly since around October, but since the port's fiscal year runs from November through October, the decline won't show up until later.

The real slowdown came in August and September when the steady traffic through the port suddenly dropped off. Since then, business has been sporadic with barges and ship traffic coming in erratic surges, according to John Cagnolatti, manager of marine operations for Capital Marine Supply Inc.

The Customs Service reports that both arrivals and departures of foreign ships and U.S. ships in foreign commerce were down substantially in fiscal year 1982 compared to the previous year.

"We don't have as many ships as we previously had," Baton Rouge Marine Contractors President Robert Quaid said. "The tanker business is off — I assume from the oil glut. And the coal business is gone."

And, Quaid said, the prospects of a striking recovery in 1983 don't look all that good.

"Business is slow," Watson said. "The auto industry is off, so that affected the aluminum industry. There's no demand for aluminum... We used to have bauxite ships coming in and production in the aluminum plant is down... Plus there's been an oil glut, so there's no need to get tankers up here... About the only thing I see is bulk commodities. We have two midstream loading operations at Convent. One is being operated by Ryan Walsh under a long term contract. And Cargill put their big loading machine in a year ago... And we're fortunate to be diversified enough to get some work."

Watson said he started his business on a shoestring, but he tried to diversify his holdings and service base from the beginning. The company started tying up riverfront land almost from its first day and now has about two miles of river frontage in St. James Parish and enough river frontage north of Baton Rouge for a barge fleeting operation.

"To give you an idea of how our company grew, we went from zero sales to $1.2 million a month in seven years," Watson said. "But now our sales dipped — it wasn't gradual, about four months ago they just dipped. That first month, our sales fell to about $650,000. They're back up to $750,000 to $800,000 now."

"I could foresee that we were in trouble, so I bought my brother down. It used to cost us $750,000 a month just to open our doors. And last month, we took in $685,000 and that was $15,000 in the black."

While Watson Marine Services has the same kind of cash flow problems as other companies during the uncertain economic times, it should emerge from the recession an even stronger company, Watson said.

And if things go as Watson expects and 1983 brings some improvement in river traffic, Watson Marine Services will be ready for it.

"I look for a gradual increase in 1983," Watson said. "I look for the petroleum industry to start picking up. There are a lot of things on the drawing board, but these companies are not going to do any of it at the high cost of money today."

"... I've got an engine and gear that I bought to put together in another hawser type tug. At anytime we see business pick up, we can jump on it full-time... We're planning ahead to expand."