



Parts fail – consider the options – replacement or factory refurbishment

# Sum of the parts hits the bottom line

By Ainsley Fraser

Inevitably, parts fail and wear out in the waste industry. Fact. In a sector which is recognised as one of the toughest and most hostile operating environments for vehicles, plant and machinery, surely that's not rocket science. However, how companies manage repairs and maintenance – and indeed how and where they source their parts, can have a direct impact on the bottom line.

The waste industry is as diverse as the range of assets it operates – and with a wide spectrum of equipment in use, there can be no surprises that company policies, practices and supplier options are many and varied. When it comes to parts, there are basically two choices – the OEM (Original Equipment Manufacturer) genuine specified parts, or the aftermarket alternative. Here, we take a look at both – and the pros and cons which operators have to consider.

All OEMs will advise customers and end users to use only genuine recommended parts – and for good reason. And beware because if aftermarket or 'pattern' parts are used, it will almost certainly invalidate the OE manufacturer's warranty. Also, in the case of long-term usage of non-OEM or so called 'pattern' parts, there may be a negative impact on the residual value of the asset. This is sufficiently important to the lease and contract hire fraternity, that they

have their own teams of engineers who monitor the use, treatment, maintenance and care of what is, after all, 'their' asset during the course of its contract life with the customer. This is particularly important where operators and end users put vehicle assets through their own workshops.

Of course, OEMs seldom manufacture all their own componentry and where parts are outsourced, there is little to stop the same parts being offered in the aftermarket – including by low overhead parts retailers who know where the originals come from. Maybe that is why increasingly, OEMs are imposing strict exclusivity conditions on component manufacturers and their supply chains.

The aftermarket alternative parts supply chain can be generally summarised as the cluster of independent component manufacturers, providers, distributors and retailers, who may offer their own branded,

produced or sourced equivalent parts – and they do an important job. Occasionally, their parts may come from the same component manufacturing source as the OEM – but, more likely, they will be 'pattern' parts, which can be – and often are inferior quality copies made overseas. Either way, the cost of the part is likely to be a lot cheaper and reflect the provider's lower overheads, stocking costs and lighter liability and warranty provision.

Whichever option is chosen, parts policy is inseparably linked to the whole life costs of the asset. Careful tracking and analysis of whole life costs can reveal the real value of proper, regular and even preventative maintenance, the use of manufacturer's genuine parts versus aftermarket 'pattern' parts – and even service provider and workshop practice issues.

Original parts are usually specified by the manufacturer's engineering team for a range of good reasons – which will include performance, but also strength. The design specification of the part or sub-assembly may also take into consideration yield, shock or overload limits – not in any way to breakdown, but to 'fail safe' to protect other components. Whilst there is a quite



commonly held opinion in the industry that some aftermarket parts are actually stronger than those fitted by the original manufacturer, fitting the incorrect part may simply migrate the potential failure further down the component chain.

Emergencies will always happen of course, as will unexpected failures or even accident damage – and this is where normal policies and procedures can go out of the window. The operator simply needs the ‘quick fix’, irrespective of where the part comes from and it is often where the aftermarket parts suppliers score – because they are good at being quick, responsive, cheaper and readily available.

In the case of large, ‘fixed’ plant and equipment, repairs, maintenance and the fitting of parts, it is more likely to be down to a service engineering team from the manufacturer – or a third party provider, not least because the asset has to be cared for on site. In the case of mobile assets however, a lot of vehicles simply return to the supplying chassis dealer for servicing and repair – but that might not also apply to the specialist equipment which is mounted on the chassis. To address this issue, some equipment manufacturers have entered service agent relationships to enable selected dealers to service the whole vehicle in a holistic way – and that of course will include the use of genuine OEM recommended parts.

In the waste industry, as in many others, enemy number one is downtime – where costs can quickly escalate. Today, contract terms and conditions can and do include onerous performance obligations and penalties – and it is easy to understand why. Many transfer stations, MRFs, MBTs and all the other host of names and acronyms which are used to describe processing facilities, are outsourced to major prime contractors. If the plant goes down, or a major component fails, the resultant stoppage can have an impact back through the entire waste stream. To take a typical worst case, a process plant



failure can quickly cause a queue of loaded vehicles unable to discharge or tip – and all whilst sitting idle, costing money and losing precious operating time.

Some operators involved in this ‘heavy’ end of the business, where major plant and machinery is concerned, have really mature, robust, planned, preventative maintenance regimes in place – including scheduled major component replacement programmes. This can ensure that major failures are less frequent and consequently, downtime can

be reduced. To support the requirement, some manufacturers of major plant and equipment – and their component suppliers – offer genuine factory MRO (Maintenance, Repair and Overhaul) packages and/or factory refurbishment facilities. Hydraulic rams are a good example, where failure in service can be catastrophic. But having the ram decommissioned, stripped down, inspected, refurbished and resealed – and then retained on site for installation at short notice or next time round can make sound commercial and operating sense.

Often, breakdowns provide the acid test of supplier and customer relationships and some operators suggest that OEs still have to ‘up their game’ if they want to compete effectively with the aftermarket. Next day delivery anywhere in the UK should be the norm – or faster ... and where necessary, supported by a factory qualified field service engineer. Most OEs fortunately recognise that if you get parts sourcing, distribution and service support right, it can contribute as much profit on the bottom line as selling the original equipment in the first place. Indeed, recurrent revenue and profit from service and parts can add up to significant sums over the operating life of the asset.

Parts ... OEM or aftermarket? The choice is out there – but it would seem that most serious players in the industry take the tried and tested approach – simply because the implications and risks of doing anything else can have a serious impact on availability, reliability, revenues, profits, asset values, customers – and reputations

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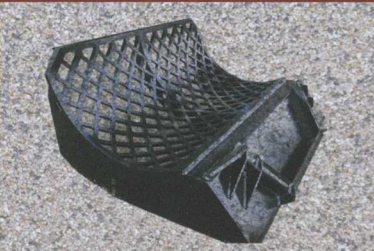
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