

Tool Box Talk – Repairable Spares



“Making a Repairable Spare Like New”

Repair, Scrap, or Salvage for Profit?

It is easy to fill a storeroom with spare parts, but much harder to empty it. If you are like most people, your storeroom is overstuffed with parts, many of which cannot be associated with an in-service asset. If you do not believe this is true, ask yourself the following question. How often do the maintenance technicians take an escorted tour of the storeroom looking for that special part that they “will know when they see it”?

While the parts may have a valid use, how many of them are unserviceable or damaged, leaving us with a false sense of security? When we do go to retrieve that critical spare part during a crisis, we are met with disappointment as we find a rusty bearing or open box with missing parts.

Great value can come from dealing with these items, removing the non-needed and replacing the damaged parts. The question is what to do with the parts we do not need or cannot use anymore. The only viable options are repair, scrap, or salvage for profit.

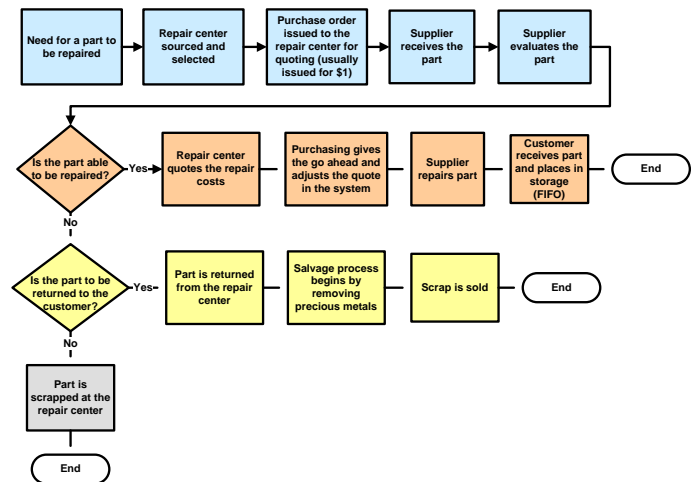
Here are a few simple ideas for addressing this problem:

1. Conduct a routine walk through the storage areas (weekly, monthly), observing the parts in those storage areas. Look for parts where the package is torn or dramatically aged and needs to be replaced. If one part is damaged, it is likely that there are more, so dig deep in the bins to pull out all of the damaged parts. This is the time to get rid of them, as they are of no use to you in their current condition. Corrosion, dirt, and/or moisture damage are clues that the parts may need to be disposed of, and it is better to deal with these parts now than during a crisis.
2. When parts need to be repaired, send them to a reliable and qualified repair shop for evaluation. Ask for a quote on the repair costs, time, and recommendations. If you have a repair shop that you trust, they will be able to give you sound advice on the best option, whether it be repair, scrap, or salvage.

3. If repair is not a practical option, value can be obtained by:
 - a. Scrapping part at the repair center with credit offered on future repairs.
 - b. Returning part to the customer location to be scrapped through the local recycling program.
 - c. Returning part to the OEM for scrap value. OEMs are in a better position to refurbish damaged items.

Be careful to monitor shipping costs. Scrap value can be eaten up rather quickly on the back of a truck.

4. If the parts are deemed to be in serviceable condition but obsolete, some salvage value can be recouped, either from the parts vendor or possibly the OEM. Depending on your relationship and the volume of money you spend with a vendor, it is not unrealistic to receive credit for the full purchase price of the part.
5. Ensure that all of the financial transactions that occur during this process are captured. The accounting department will need to adjust the inventory value on the books accordingly, which can have a significant effect on things like valuation and taxes.



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