

Table of Contents

Table of Contents	iii
List of Figures	v
List of Tables	vii
List of Appendices	ix
Executive Summary	xi
Acknowledgements	xiii
Chapter 1 – Introduction.....	1
What is Remanufacturing	1
Material Flows	2
What Can Be Remanufactured.....	3
Remanufacturing’s Scope and Size	6
Remanufacturing’s Economic Importance	6
Remanufacturing’s Ecological Benefits	7
A Hidden Industry.....	8
What Is in This Report.....	9
Chapter 2 – Remanufacturing Company Profiles.....	11
All State Manufacturing.....	11
Cardone Industries	13
Lasertone.....	15
Lucent Technologies.....	18
Reviva	20
United Valve.....	23
Chapter 3 – National Remanufacturing Industry Survey	25
Survey Methodology.....	26
Survey Outcome.....	28
Chapter 4 – Survey Findings	31
Impressions Gained.....	32
Nature of the Firm.....	33
Sales and Marketing.....	38
Chapter 5 – Survey Findings, Part II.....	55
Product and Process Factors	55
Workforce	68
Cores	77
Chapter 6 – Survey Findings, Part III.....	87
Investment.....	87
Costs.....	94
Barriers and Opportunities.....	98
Appendices.....	105

List of Figures

Figure 1: Material Flow Diagram for Durable Products.....	3
Figure 2: Cardone Remanufactured Products.....	13
Figure 3: Lasertone Factory Floor	15
Figure 4: Lucent Telecommunications Equipment (front and rear views).....	19
Figure 5: Reviva Remanufactured Diesel Engine.....	21
Figure 6: The Starting Point – Diesel Engine Core	22
Figure 7: Remanufactured Stainless Steel Valve.....	24
Figure 8: Statistics of Survey Contacts.....	28
Figure 9: Primary Business Activities	33
Figure 10: Other Activities of <i>Primary</i> Remanufacturers	35
Figure 11: Count of Firms by Years in Remanufacturing	36
Figure 12: Path of Entry Into Remanufacturing	37
Figure 13: Reported Number of Plants Operated	37
Figure 14: Remanufacturing Sales Distribution for the Year 2000	39
Figure 15: Percent of Revenue Derived From Remanufacturing	41
Figure 16: Sales for Firms Indicating Remanufacturing As Their Primary Activity	42
Figure 17: Year-to-Year Change in Sales.....	44
Figure 18: Importance of Competition from New Products	45
Figure 19: Importance of Competition from Used Products	46
Figure 20: Importance of Competition from Remanufactured Products	46
Figure 21: Price of Remanufactured Product Relative to New.....	47
Figure 22: Sales Channel Comparison – Larger and Smaller Firms	49
Figure 23: Assistance from OEMs Relative to Marketing.....	50
Figure 24: Reported Reasons for Purchasing Remanufactured Products	51
Figure 25: Rate of Change in Product Design	57
Figure 26: Difficulty from Hazardous Materials	58
Figure 27: Difficulty from Fastening and Assembly Methods	59
Figure 28: Difficulty from Model Proliferation.....	59
Figure 29: Difficulty from Non-Repairable Parts.....	60
Figure 30: Assistance from OEMs Relative to Drawings.....	61
Figure 31: Assistance from OEMs Relative to Specifications.....	62
Figure 32: Number of Employees.....	69
Figure 33: Year-to-Year Change in Employment.....	73
Figure 34: Hourly Wage	74
Figure 35: Employee Skill Levels.....	76
Figure 36: Use of Specialists	77
Figure 37: Sources of Cores.....	78
Figure 38: Assistance from OEMs Relative to Collection of Cores.....	79
Figure 39: Reasons Why Cores Become Available.....	80
Figure 40: Initial Reject Rate for Cores.....	81
Figure 41: Core Yield	83
Figure 42: Assistance from OEMs as Source of Parts.....	86
Figure 43: Range of Asset Values (Current and Fixed).....	87
Figure 44: Value of Production Equipment	89
Figure 45: Range of Inventory Value	91

Figure 46: Composition of Inventory	93
Figure 47: Product Cost Composition.....	94
Figure 48: Distribution of Remanufacturing Payroll	96

List of Tables

Table 1: Number of Firms and Industry Sales (1995)	25
Table 2: Industry Employment (1995).....	25
Table 3: Product Sectors in Survey.....	26
Table 4: Remanufacturing Plant Location by State	30
Table 5: Markets Identified for Products in a Given Sector.....	34
Table 6: Remanufacturing Sales by Sector	38
Table 7: Product Distribution Channels (Percent)	49
Table 8: Prevalence of Advertising.....	52
Table 9: Targets for Advertising.....	52
Table 10: Export Sales	53
Table 11: Difficulties in Exporting.....	53
Table 12: Typical Warranty Periods.....	54
Table 13: Warranty Policy	54
Table 14: Commonality of Product Features	56
Table 15: Product Identification	57
Table 16: Design Change Experience for 39 Respondents.....	63
Table 17: Design Change Experience, OEM vs. Independent.....	63
Table 18: Reasons for Making Design Changes.....	64
Table 19: Proprietary Information	64
Table 20: Product Liability	64
Table 21: Installation and Service Providers	65
Table 22: Service During Warranty.....	65
Table 23: Service Out of Warranty.....	66
Table 24: Process Certification.....	66
Table 25: Scrap Material.....	67
Table 26: Employment for All Firms in Survey	68
Table 27: Sales and Employment	71
Table 28: Productivity vs. Size – Year 2000	71
Table 29: Productivity vs. Size – Year 1995	72
Table 30: Sales 2000 vs. Sales 1995.....	72
Table 31: Employee Skill Levels.....	76
Table 32: Sources of Replacement Parts	85
Table 33: Payroll Statistics	95
Table 34: Factors Affecting Plant Location.....	98
Table 35: Major Organizations Representing Remanufacturers.....	103

List of Appendices

A.	Product Areas in Boston University Database, by SIC Code	107
B.	Remanufacturing Survey Questionnaire	109
C.	Comments of Firms No Longer in Remanufacturing	121
D.	Product Areas of Firms in Each Sector, by SIC code	123
E.	Products Remanufactured by Respondents	125
F.	Resource Input Intensities by Process Stage	129
G.	Direct Labor Skill Levels and Training	139
H.	Factors Limiting Ability to Grow	147
I.	Association Memberships of Respondent Firms	161
J.	Use of Professional Specialists, Sector-by-Sector	165