

INDUSTRY NEWS

Palmer Johnson Power Systems, the Wisconsin-based remanufacturer of heavy-duty powertrain systems and components has recently opened a new facility in Sun Prairie, Wis. The purpose-built, 65,000 sq.ft. facility is expected to allow the company to significantly expand its capabilities and business.



BUILDING TO ANOTHER LEVEL

Opening of new facility allows Palmer Johnson Power Systems to expand remanufacturing efforts; “small volumes done in a large way”

BY MIKE BREZONICK

A lot of factors are involved in making a company successful. And often the most significant are the ones far less obvious than having the right product, process or price. In a real sense, the companies that continue to thrive are the ones who make themselves most ready to do so.

The latest example of that truism is Palmer Johnson Power Systems (PJPS), the Wisconsin-based remanufacturer of heavy-duty powertrain systems and components. Just shy of its 30th year in business, PJPS recently opened a new facility in Sun Prairie, Wis. And while it might be just a few miles from its previous location, the

new corporate headquarters and primary reman facility is a whole other world in terms of the capabilities it gives the company to significantly expand its business.

“This gives us the opportunity to go to the next level,” said Eric Quinn, vice president of PJPS. “Before, we were capped in our ability to grow. We had grown ourselves into a bottleneck — the physical space for new business. That’s not an issue here at all. Now, we’ve got unlimited potential.”

The new facility covers 65,000 sq.ft., and more than just offering more breathing room the site is purpose-built to accommodate PJPS’s very specific remanufacturing pro-

cesses. The company designs, implements and manages turnkey transmission and axle remanufacturing programs for many of the major off-highway equipment manufacturers including Deere, Caterpillar, CNH Global, AGCO, Komatsu and others.

In its nearly three decades in business, PJPS has developed an efficient and cost-effective process for remanufacturing a wide range of products including transmissions, axles, transfer cases, clutches, brakes and drive-shafts from a range of manufacturers, including Twin Disc, ZF Off-Highway, AxleTech, Rockwell, Funk, Carraro, Clark, Cotta Transmission and Dana

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All of the products remanufactured by Palmer Johnson Power Systems are rebuilt to the OEM specification by factory-trained service technicians. To verify that level of performance, all remanufactured products are tested in a central testing area. The test area incorporates six dedicated test stands, and for reasons of safety and overall noise reduction, the engines used in testing are positioned in a bay that is partitioned off from the test stand area, with only the engine's flywheel protruding through the wall.



Spicer. "Over the last several years, we've become color-blind when it comes to which axles or transmissions we're working on," said Craig Parsons, general manager at PJPS. "We've added a number of manufacturers such as AxleTech, Carraro and ZF Off-Highway and have the capability to remanufacture just about any manufacturer's products."

What's specific to the PJPS philosophy is that it can operate profitably on relatively low volumes. "The giant OEMs are getting into large-scale reman," said Quinn. "These manufacturers are capable of investing and ramping up for thousands of units."

"There aren't many that are willing to do that for 20 or 200 units a year. That's what we're doing. The upper end of our business is the small end of theirs. What's at the small end for a lot of companies is big for us."

"We think of it as small-scale remanufacturing done in a large way. It's relatively low volume, but we take an aggregate of small volumes that add up to some numbers that are pretty good for us. This makes remanufacturing economical for both Palmer Johnson and our customers."

Palmer Johnson's new facility is designed specifically for heavy-duty

transmission and axle remanufacturing programs. The shop area has quadrupled in size to nearly 45,000 sq.ft., and another 15,000 sq.ft. is dedicated to warehousing. "In many instances, OEMs will want us to inventory their remanufactured units and act as their warehouse," Quinn noted. "We couldn't satisfy that requirement before. Now we can."

"That's the kind of flexibility we can offer," he added. "We can do reman for an OEM however it works for them. We don't have a rigid business model we force on them — this is how we do it for that company, this is how it's going to be for you. We're not selling a process, we're selling a unique solution to their requirement."

The shop area is laid out to encompass specific areas for disassembly, machining, welding, remanufacturing, cleaning, painting and testing. During the reman process, the company replaces 100% of all O-rings, gaskets, sealing rings, piston rings, oil seals, bearings, races, clutch plates, springs and spec plates. All products are rebuilt to the original OEM specification by factory-trained service technicians. To verify that level of performance, all remanufactured products are tested in a central testing area, in which the components are tested to OEM specifications on one of the facility's six dedicated test stands.

For reasons of safety and overall noise reduction, the engines are positioned in a bay that is partitioned off from the test stand area, with only the engine's flywheel protruding through the wall. "Anything that emits serious noise — all of the engines and compressors we use — are isolated in there," Quinn noted. "It keeps the sound contained."

Parsons also noted that the heat generated by the engines during testing was used to heat other shop spaces in the colder months. "We tried to use as many 'green' techniques as we could in this building," Parsons said, noting the positioning of the window spaces, the types of lighting and ventilation systems used and other features. "After all, our company really is about recycling."

Parsons estimated that PJPS invested about \$5 million in the new building and another \$3 million or so on machining, test stands and remanufacturing equipment. With that investment, the company expects not only to broaden its existing business, but to expand it, both in terms of the products remanufactured and customer base.

"We've got the technology to do anything we need to be able to do in the powertrain component business," said Quinn. "We've got the opportunity to look beyond transmissions and axles and our traditional products

and start looking toward hydrostatics and hydraulics, fields we haven't been in before."

Parsons added that the company is targeting medium and smaller OEMs that do not have the resources to start up a dedicated reman operation. "For the small- or medium-sized equipment manufacturer to try this just isn't economical in terms of both dollar investment and employee investment," he said. "We have this skill set down and it's easier to hand off to someone like us rather than try to replicate it themselves."

"Another strength of our organization is that we can offer a package. Not only can we manage a company's remanufacturing, we can also serve as a service network through our 12 centrally located branches. Each branch features a fully equipped service shop, test stands and service trucks. Palmer Johnson currently serves as the nationwide field service and warranty support network for several OEMs."

"The investment is ours," Quinn added. "Palmer Johnson isn't asking customers to invest in tooling up. We've got the process and the assets in place — you can run 10 through here, you can run 10 all at once on a one-time run, we can run 100 over the next year. We take them start to finish one at a time. It doesn't matter if it's 100 of the same or 100 and they're all different."

"That's the appeal — an OEM doesn't have to commit to thousands of units. The only hurdle is genuine parts sourcing and standards — if it's not one of our product lines, where do we get the technical information and updates? If an OEM provides us with that, we're up and ready to go. Palmer Johnson insists on genuine parts and the latest updates."

"We've spent 30 years perfecting our remanufacturing techniques and now we've got the technology in building this facility to do it better than ever and on a larger scale. We allow people to utilize a process advantage that most can only enjoy through sheer volume. We provide the volume, our

customers enjoy the same process advantages in a smaller environment."

Quinn said that should enough customers utilize that advantage and PJPS' business continue to grow as it has over the last several years when it has approached \$50 million, the company has left itself an out. "We left the back of the building metal so we can expand later," he said. "If we hit

that ceiling again — which we hope to do in the next five to seven years — we have an answer." **dp**

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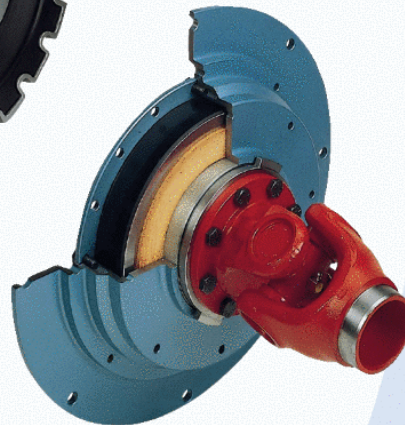


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