

Questions Remain: How Long Should Manufacturers Retain Parts?

A question that has commonly been asked in the RV industry has to do with the retention of parts by manufacturer's for warranty or recall claims. RVAA recently posed this question to RVIA's Bruce Hopkins, who provided the following response as well as the included NHTSA interpretation letter which sets a precedent in the automotive industry. After looking into the issue, Mr. Hopkins responded, "*the answer is never as clear as we would like. Below is a letter of interpretation from NHTSA that talks about the need to keep parts for 10 years IF they are needed for a recall plan. The only trick is to predetermine which parts are going to be needed. The short course would be to keep everything except "off the shelf" items.*"

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Dear Mr. Pollak:

This responds to your recent request for an interpretation of the provisions of the National Traffic & Motor Vehicle Safety Act of 1966, as amended (Safety Act). Specifically, you asked whether Federal law obliges an automobile manufacturer to continue producing and/or supplying replacement parts for a vehicle model that has not been manufactured or distributed in 10 years, and, if so, for how long. In a subsequent telephone conversation with Enid Rubenstein of my staff, you stated that the vehicles in question have never been recalled pursuant to the Safety Act to correct a safety-related defect or non-compliance with a Federal Motor Vehicle Safety Standard.

There is no provision in the Safety Act or in any of our safety standards or other regulations that requires a manufacturer to make replacement parts available for any particular period of time, or, for that matter, at all. However, under 49 U.S.C. §§ 30118-30119, vehicle manufacturers are required to provide notification of safety-related defects or noncompliances with safety standards to owners, purchasers, and dealers for an unlimited period of time. Also, under 49 U.S.C. § 30120, if either a manufacturer or this agency decides, within 10 years of the date of sale of the vehicle to the first purchaser, that a motor vehicle contains a safety-related defect or fails to comply with a Federal motor vehicle safety standard, the manufacturer is required to provide a free remedy for the safety-related defect or noncompliance. These remedies may include the repair, replacement or repurchase of the affected vehicles.

Although your client's vehicles apparently are beyond the age at which a free repair for a safety-related defect or noncompliance could be required, your client may wish to consider the issue of the ability to provide repairs in deciding whether to continue to make available replacement parts for its vehicles. We understand that some vehicle manufacturers do make various replacement parts available for a considerable period of time.

Sincerely,

Jacqueline Glassman, Chief Counsel ref:VSA - d.12/19/04

So **is** the answer that manufacturers should retain parts for ten years? It certainly appears that it is a wise enough piece of advice for manufacturers' to consider. The GO RVing Task Force on Parts Replacement included a suggested best practice regarding parts retention in their efforts. Time will tell whether manufacturers take follow this practice en masse, but clearly some retention policy should be in place - and at least in one industry there is precedent to suggest it is necessary.

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LEAN OPS MANUAL FROM NAW (page 2)

Executive Summary

Almost everything around us—everything we see, touch, and use—has been designed and developed by people. And it's all been designed to be used in a specific way. We expect a car to provide transportation, and it does exactly that. We expect a clock to keep time, and it keeps time. We understand that human intervention makes these things possible; we know that without us, none of it would work. But when it comes to business processes—the steps necessary to design, build, and distribute the things we see and use every day—we often expect them to happen by themselves.

This is where lean principles can help. Lean and an optimized supply chain begin with well-designed processes driven by customers' buying and usage habits. Each process starts with the customer and works back through the entire channel to provide the lowest usage cost to the customer and the highest profits to channel members. Lean doesn't happen by itself; it happens by design. And the design phase begins by optimizing the wholesaler-distributor's operations from the customer's perspective, then optimizing the rest of the channel from the same perspective.

This book examines lessons learned in other industries as they underwent the transformation to lean and applies those lessons to wholesale distribution. It discusses the steps a wholesaler-distributor must take to design and manage a lean culture. Specifically, it deals with a lucrative area for distributors: operations, which includes all aspects of the order processing system—from warehousing to order production to delivery.

Chapters 1 through 4 lay the groundwork, explaining what lean is, why it is important, and how distributors can apply lean strategies in their businesses. Chapters 5 through 7 present case studies of companies that have used lean strategies to improve operations. Additional sources of information are included in the appendixes, glossary, and references and resources at the end of the book.

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Also included for your reference are the results of an exclusive survey conducted by the NAW Institute for Distribution Excellence and MCA, Inc. specifically for this book (chapter 8). We surveyed wholesaler-distributors to gauge their familiarity with lean and to measure some key performance indicators for the industry as a whole.

At a glance, this book offers:

Chapter 1

This chapter answers the question: What is lean?

At its core, lean is about continuous improvement; it's about striving to improve all aspects of your business—every process you adhere to, every procedure you undertake. This involves eliminating waste in your company, reducing errors, and thereby adding value to the products and services you, as a distributor, provide. Chapter 1 lays the groundwork for lean by introducing the fundamental principles of system design, team technology, and process models used to create a lean culture.

Chapter 2

This chapter answers the question: Why is lean important?

Lean is important because it helps you become a better-run distribution company by eliminating waste, reducing errors, and adding value. But lean is not a onetime application of processes and procedures. The core focus on value, quality, and flow must be fully part of your company culture. Furthermore, a lean distributor requires a lean philosophy of operation that starts at the top with the board of directors and is carried all the way down and across the company. Chapter 2 emphasizes four key elements to a lean strategy: value, quality, process flow, and lean operations.

Chapter 3

This chapter answers the question: Why should I pursue lean?

In its simplest form, a lean process can be described as doing the right things (no waste) in the right way (no errors), so the opportunities come in two primary forms:

- Reducing and eliminating waste
- Reducing and eliminating errors.

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Executive Summary

These two objectives clear the way to adding value, which is your primary goal as a wholesaler-distributor. Chapter 3 discusses the nature and impact of waste and errors in wholesale distribution and describes some of the key measurements and tools distributors can use to pursue lean.

Chapter 4

This chapter answers the question: "How do you apply lean?"

It describes the lean implementation process, focusing on some of the tools that can be used to measure, monitor, and evaluate your existing systems for continuous improvement. In particular, it discusses in detail the Strategic Breakthrough Process Improvement method, which is a strategy for implementing lean in a wholesale distribution company.

Chapters 5, 6, and 7

This portion of the book deals with real-world examples. Chapter 5 is a case study of how a national distributor implemented lean to improve operations.

Chapter 6 examines a regional distributor's lean strategy. Chapter 7 is a case study of how a local distributor implemented lean.

Chapter 8

This section examines the results of a survey conducted by the NAW Institute for Distribution Excellence and MCA, Inc. The survey gauged distributors' understanding of lean and set out to answer these questions:

- What is the status of lean in the wholesale distribution industry today?
- Do distributors understand lean concepts?
- Do they use lean concepts and principles to measure their performance and make improvements to their operations?
- Could the wholesale distribution industry really benefit from implementing lean?

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