

NAYCO MOTOR



Company: Nayco Motor
Location: Córdoba, Andalucía (Spain)
Type: Independent remanufacturer
In reman: Since 2007
Contact: Ignacio Domínguez
Phone: (+34) 957 08 38 50
E-mail: gerencia@naycomotor.es
Web: www.naycomotor.es/index.html



PRODUCTS

Engines

CORE SOURCING

They retrieve cores by two methods:

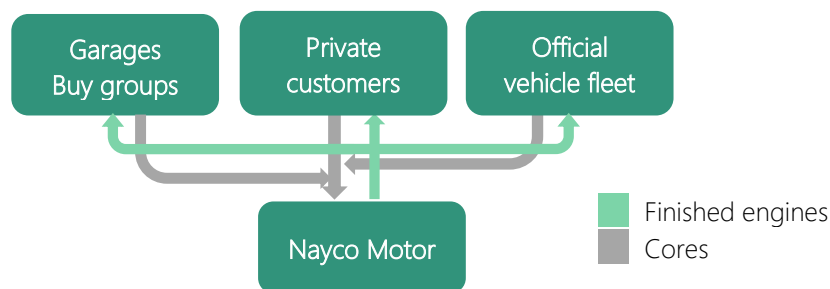
- Direct order: it is their main way of sourcing. If the cores are in good condition, the customers receive their own engine back in few days.
- Buy-back: buying cores from core dealers is more expensive than the other option thus is the least used source

BUSINESS MODEL

Nayco Motor has been remanufacturing engines since 2007. Their main market is in Spain although in the last years they have been working in France, Belgium and Cuba.

VALUE CHAIN

The company gets the used cores primarily from three types of customers: garages or buy groups, private customers and official vehicle fleet both public (e.g.: ambulances) and private (e.g. transport companies). Moreover, they deliver finished products and collect cores by themselves within a radius of 200 km from their facility, When the delivery is further, they use the shipping companies.



REMANUFACTURING PROCESS

The process consists of:

1. Reception of dirty damaged and contaminated cores and disassembly
2. Visual inspection and discard of ruined parts
3. Two-steps cleaning: degreasing with lye and water in a pressurized machine and ultrasonic decarbonization. After that, the parts are completely clean.
4. Deeper inspection and machining of parts in good condition (e.g. crankshaft grinding) and change of other parts that cannot be repaired (e.g. valves)
5. Dust projection painting to resist the high temperature variations
6. Assembly and testing

7. Packing and shipping

DRIVERS

The automotive market is designed by official services for their own profit, and in many cases major breakdowns in vehicles are a great expense for customers, as is the case of the breakdown of an engine. Many times, customers preferred to buy a new car rather than changing the engine in the official workshop because it was cheaper, and in Nayco saw this as an opportunity to offer an alternative service.

BARRIERS AND CHALLENGES

The biggest challenge is to be able to compete with large European companies that have more resources.

A great barrier is advertising, which has led people to believe that remanufactured products are of inferior quality because they are cheaper and are not commercialized by a famous brand. In addition, a current problem in Spain is that families do not have liquidity and banks hardly grant loans, so many private customers cannot afford to buy their product, even if it is cheaper than a new product. Besides, another barrier is legislation, since there are laws that force to replace some vehicles (e.g. ambulances, cranes) with new ones from time to time regardless of whether they are in good condition or not (by law, they cannot be remanufactured).

CUSTOMERS, STRATEGY & KEY RESOURCES

They do not have specific selling channels or customer groups for remanufactured products but all customers perceive benefits regarding price (60-70% price reduction) and 1-year guarantee in comparison with new manufactured products.

Nayco's strategy to compete with large companies is to ensure top quality in their products along with a very personal and close customer service and great flexibility of production, since they are able to remanufacture engines from old cars as well as from boats. To get there, their key resources are, on one hand, cores and technology and, on the other hand, to have skilled and motivated personnel.

ECONOMIC BENEFITS

The economic benefits fluctuate depending on the purchase price of the cores but in general, the profit is high because they use less inputs and raw materials. For the customers, the economic benefit is the lower price.

ENVIRONMENTAL BENEFITS

They are currently working on obtaining the ISO 14000 standard despite they already separate all the contaminated materials during the process (water, metal particles, oil, coolant ...) and contract waste management companies to handle them.

SOCIAL BENEFITS

Local creation of value in terms of job creation is the major social benefit: they started with 2 employees and nowadays they are 15 people.

ADVANCED MATERIALS RECOVERY

No advanced materials are recovered, just aluminium, stainless steel and cast iron.

CHALLENGES TO IMPROVE THE BUSINESS MODEL

Expanding the range of products towards fields where no engine remanufacturing company has arrived yet: ships and airports' fleet of vehicles since many vehicles are replaced by new ones just because they engine breaks down. They also believe that raising social awareness about the importance of reman business is vital, as well as changing the low quality image of remanufactured products.