

BUSINESS GUIDELINE 15 GB

ASSESSMENT AND APPLICATION OF OBSOLESCENCE POLICY

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1. Introduction

In general the problem of assessing and applying an obsolescence policy is totally different for the manufacturers of:

- Standard mass-produced pumps all supplied from finish stock.
- Standard pumps which may be supplied with specific alternative fixed specifications, supplied from component stock.
- Special pumps made to specific customer requirements, individually engineered.

When considering the problems involved and the additional costs incurred some of the relevant points are:

- Storage costs.
- Storage and maintenance of patterns.
- Availability of machining capacity.
- Changes in manufacturing techniques and standard.
- Availability of special materials.
- Financing of stocks.

2. Implementation

2.1 Basic principles

In order to avoid unnecessary costs and inflated overheads it is necessary to determine a phased programme controlling the supply of pumps and spares at current list prices.

This in no way precludes the supply of spare parts or even replacement pumps on special terms, if specially required by the customer.

2.2 Transaction dates

When producing an obsolescence policy to apply to the replacement of a whole series or sections of a series or to the run down of a series or a section of it, the manufacturer must fix the dates at which certain actions are to be taken.

The main datum points are:

- Date of announcement of any changes in sales programme.
- Actual run down date for pumps.
- Actual run down date for spare parts.
- Completion date.

All these datum points the following action becomes effective:

2.21 Date of announcement of any changes in sales programme

- Information is given to customers on the decision to implement the run down including dates for pumps and spares.
- No further design work.
- Pump can still be included in sales programme but with limitations.
- Production is reduced as may be appropriate.
- Component stocks are reduced.

2.22 Actual run down dates for pumps

- Pumps are excluded from sales programme.
- Sales of complete pumps stopped.
- Sales of spare parts continue with different time restrictions on availability of „parts subject to wear“ and „other parts“.

2.23 Actual run down dates for spares

- Sales of spare parts stopped.

2.24 Completion date

- All patterns are destroyed.

3. **Suggested timings**

- Availability for various industrial applications

Attached is a table compiled from a survey among manufacturers. Under the heading „Pumps“ the figures shown indicate the length of time after „Run Down Date“ when customers would normally expect the product to be still available. Under the heading „Spare Parts“ the figures indicate the length of time after the pump has been excluded from the sales programme when the customer may normally expect spare parts of the relevant category to be available.

The EC-directive „Machinery 98/37/EC“ does not give any directions concerning the length of time for availability of spare parts after the pump/pump type has been excluded from the sales programme.

It is laid down only, the technical documentation for such a pump/pump type must be kept at least for 10 years after delivery of the last pump of the concerned pump type.

If in national directives legal requirements are made relative to availability of spare parts for obsolete pump series, these have to be considered.

Industry Application	Pump (Years)	Spare Parts	
		Parts Subject to Wear (Years)	Other Parts (Years)
A. Standard Finish (no variations)			
Domestic Sanitary/Building Heating/Air Conditioning	0	5	5
B. Standard & Special Finish			
Domestic Sanitary/Building Heating/Air Conditioning Heavy Heating Plants Fire & Sprinklers	1	10	5
Water Industry Water Supply Irrigation Drainage Sewage	2	10	5
Mining Drainage Disposable/Processing	2	10	5
Process Engineering Borehole/Crude Oil Transport Refinery Petrochemical Chemical Pharaceutical Cellulose/Paper Sugar Food/Beverage	2	10	5
Energy Industry Nuclear Power Stations Coal Power Stations Hydraulic Power Stations Industrial/Small Power Stations District Heating	2	10	5
Shipbuilding Dockyard building	2	10	5