



Taking Advantage of Used Die Casting Equipment

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As we all have observed in the last few years, die casters are struggling with many problems. For some, it is almost a miracle to make a profit. Many have not been in the black for some time, so it is no wonder that many feel it is impossible to compete with offshore production, high taxes, rising insurance costs, etc. So often we hear these complaints that rarely, if ever do we see a positive attitude. Yet, having a positive attitude is key in making it through the turbulence of today's merging global economy. Having a positive attitude can direct us through difficult times and it can give us hope that all is not lost. Not only that and perhaps more importantly, it can give us initiative to find solutions. And make no mistake about it – there are viable, real world solutions out there!

One road toward making a profit is by upgrading your production equipment to newer machinery and to automate the production cycle as much as possible. For various reasons, generally speaking, die casters as a whole have been slow to make progress in this regard. To some point, this is understandable, particularly when it comes to die casting machines. The obstacle here is obvious. New machines are very expensive. However, this is not the real problem. It is just a situation waiting for a solution. The real problem is the mind-set of some die casters and perhaps even a lack of initiative.

Take Advantage of the Dollar

A tremendously positive factor in the U.S. manufacturing sector is that the dollar has been continuously going down for the last 2 years. For example, it has dropped 34% when compared to the Canadian dollar. Now that is positive! Such a drastic drop has made each die caster's production much more competitive globally. Economic experts predict that the current level of the U.S. dollar will not only continue for some time, but might actually drop a further 20%. It would seem that the current Administration figures this is a way to, among other things, increase exports. The question is, have die casters taken advantage of it? Have sales people incorporated this advantage into their sales presentations with current and prospective customers?

Be Honest with Yourself

In order to succeed, you must honestly examine your production equipment. It has been observed during the last few years that most die casters who closed or went out of business had very old, antiquated equipment. Some of the machines they used were made in the 1940s, '50s and '60s – and in some circumstances they were even proud of it! Of course, the problem with all of this is that such old equipment costs a lot of money to keep running, it is not

efficient, causes production slow downs due to constant breakdowns and is expensive to repair. In addition, and this is something that some die casters have never taken into account, the machinery does not look good. "Look good?," one might question. Yes! Sadly many die casters have lost their projects without knowing the real reason why they lost them. The simple truth was that their customers were just plain afraid of their equipment. They were afraid of the quality that these machines could produce and they were afraid that the machines might break down and they would not get their castings on time. Why chance it?

How to Be Competitive in the Global Market

As hard to believe as it may sound, some basic accounting shows us that North American die casters can make castings for the same price as is made offshore (machining and other labor intensive processes aside). The trick is simple – newer equipment and automation. By adding newer technology to plants and replacing ancient equipment with newer machines, the playing field becomes surprisingly level and global competition is not such a scary thought.

One example of this is a die caster who replaced three old die casting machines with a newer, fully-loaded machine made in 1990s. The end result was that three work stations were replaced with one, and the same level of production was achieved. An important aspect of this transformation was a decision to go with a used 6 axis robot which handled spraying, extraction and parts handling. At the urging of a used machinery dealer, the traditional route of a separate reciprocator and extractor was avoided. This not only saved on equipment cost but boosted productivity.

Technology Without the High Price

After taking a good, hard look at your production equipment, you may indeed discover it is time to update things somewhat. Or, perhaps you may have known that for some time. Regardless, now is a particularly good time to upgrade your equipment. Interest rates are low, monthly leasing costs are very manageable and financial institutions are eager for your business. The result is that we see more and more die casters taking advantage of low cost, newer equipment available on the market. For example, a die caster in Pennsylvania has in the period of two years replaced all his 1960s vintage machines with 1980s and 1990s machines. In addition, he added automation to his machines and eliminated a good portion of his labor cost. Other associated costs such as employment insurance and benefits went down respectively. At the same time, efficiency increased and breakdowns were reduced to a rare occurrence rather than a daily battle.

Time and again, it has been shown that upgrading production equipment is the best way to reverse a downward spiral and to position a company to turn a profit. In addition, it reduces production problems and has a positive influence not only on employees, but also on customers. The whole trick to this is finding good equipment at reasonable prices. Even if the equipment needs some minor work before it can go online, it is usually substantially less expensive than new machinery, even after reconditioning.

How to Get Good Used Equipment

More and more die casters find it increasingly difficult to spend large sums of money for new equipment. To be competitive, obviously one has to watch costs. However, paying attention to expenditures should not cripple decisions to upgrade archaic, inefficient equipment. When the dust settles, the winners will be die casters who buy good quality machines for reasonable prices. How can this be done? Here are four sources of used equipment.

- 1. Machine Rebuilders:** Die casting machine rebuilders are the first source of used equipment. Most rebuilders do not stock machines anymore. Stocking machines requires both space and capital, which in the case of rebuilders is better spent elsewhere. Most rebuilders can, however, locate a machine that they will then rebuild based on their customer's requirements.
- 2. Auctions:** Some good deals can be acquired at auctions. Of course, there is big risk involved with purchasing machinery this way. The obvious disadvantage of such a purchase is the buyer has no in-depth knowledge of the condition of the equipment. The equipment is often in poor shape, and experience has shown that most struggling companies cut back on maintenance. Many companies on the auction block have run their equipment into the ground. In addition, auctions are notorious for selling equipment "as is" with no drawings, no manuals, no program, no maintenance records, missing parts, and so on. Finally, the biggest obstacle with auctions is the bidders' emotions. Auctioneers count on emotions and "the heat of the moment" to sell equipment for more than it is really worth. The important thing to remember is to purchase only what you actually need. This may sound rudimentary, but you would be surprised how often after auctions one hears, "It's not exactly what I wanted, but it was cheap."

Buying at auctions has some hidden costs that should be taken under consideration. The buyer's premium, dismantling, loading and freight can add up quickly, not to mention the aggravation that comes with trying to do all of this quickly and in a town you may not be familiar with. Auctions abound with horror stories of machines being dismantled incorrectly or even cut up by the riggers to simplify their loading. The problem is that riggers want payment up front and so the buyer often has to hold their breath when the truck finally arrives with their purchase.

- 3. Private Sales (Die Caster to Die Caster):** Sometimes a die caster can pick up a good deal on a machine from a local die caster. Of course, such deals do not happen

very often. Most of the time, companies competing with each other are hesitant to sell a good machine to a competitor. However, the primary problem with buying privately is finding the right machine when it is needed. Unless you know with certainty that someone has the machine you are looking for, the only option is to start calling to see what companies have one. This may not be the ideal tactic, since you are telegraphing to your competitors your company's needs. A secondary problem with purchasing equipment privately is getting to see it in person. More and more shops do not want competitors wandering around and seeing what they are doing and how they are doing it. They prefer to sell to a dealer who will discretely remove the equipment and keep the matter confidential.

- 4. Equipment Dealers:** Some die casters do not like to buy from dealers. However, there may actually be many advantages to buying from a dealer. If their services are used correctly, a good, reliable dealer can be the best source of good quality used equipment and they can be a tremendous aid in modernizing a company's production. Of course, it is good to keep in mind that dealers, like everyone else, need to make a profit. However, if they can actually save a company money, then this should not be a problem. Working with a dealer gives the immediate advantage of tapping into their stock list and being able to pick out the exact machine needed. Even if the exact machine needed isn't in stock, most dealers can search for a machine based on technical

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criteria or your budget. This will give provide a greater chance to locate equipment that will accurately match the company's requirements and make money.

It is important to remember that with dealers, there is no gavel going down, and emotions do not come into play like at an auction. This means a purchase based on logic and technical merits and instead of spur of the moment. Besides that, a dealer should be able to provide a full description of the machine, along with the original operation manual, technical drawings, ladder program, etc. This will greatly speed up getting the machine up and running. A good dealer can be a company's front line of defense in its quest to modernize production. For the most part, their job is to take all the hassle in finding, purchasing, dismantling and moving the equipment. In addition, the fact that a dealer has put up his own time, effort and money to purchase a piece of equipment for his inventory should give customers a certain amount of confidence in what they are buying. As a rule, dealers are usually quite picky when it comes to buying a machine, because a poor machine will just cost them money.

As with any successful partnership, your relationship with a dealer should be a two way street. A dealer can not only find good equipment, but he can be an invaluable asset when it comes to selling used equipment as well. In addition, the aim of most dealers is to strike up a lasting relationship which will involve more than a one time deal. While at the outset, working with a dealer may seem to be more costly, in most cases, in the long

run, it will more than pay for itself. As well, it is hard to put a price on the practical suggestions and timely advice that a dealer may offer you, not to mention the fact that he can find a machine that is right for you.

The Road Ahead

Statistics show that every year the global demand for die castings is steadily increasing. While markets merge and competition seems to flood from overseas, we do not have to be afraid of globalization. If your production facilities are equipped with good, updated equipment, then you can be sure that you are ready to take on any competition, domestically or globally. In this time of great change, it is extremely important to keep a positive attitude and to use to the full the solutions and resources that are available. Striking up strategic partnerships with used equipment dealers, taking advantage of low interest rates or leasing costs and purchasing the right equipment can revitalize any company. Whether you call it lean manufacturing or some other term, there is a real need in American manufacturing to reduce expenses, save money on downtime and to automate as much as possible. All of this is achievable. During any time of change there are winners and there are those who fall by the way side. All that is required is some forward thinking and initiative. If you have not done so, then examine your own production facility. If you have done so, then put your plans in gear.



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