

**NORTH AMERICAN EDITION**

September 2005

# **DIESEL PROGRESS**

*Products, Technology & Industry News For All The Engine-Powered Equipment And Component Markets*

## **THE WORLD OF CONSTRUCTION EQUIPMENT**

**Plus:**

**The 16<sup>th</sup> Annual Mobile  
Hydraulic Supplement**  
*Featuring Mobile Hydraulic Pump  
& Motor Specs-At-A-Glance*

**THE  
DIESEL PROGRESS  
SHOW**  
*Covering OEM Components & Systems*

# GOING BEYOND DISTRIBUTION

Palmer Johnson Distributors becomes Palmer Johnson Power Systems; remanufacturing, service spur company's growth

By Mike Brezonick

In the evolution of a successful company, a lot of things ultimately get left behind. In the case of Palmer Johnson Distributors LLC, what's getting left behind is part of its name.

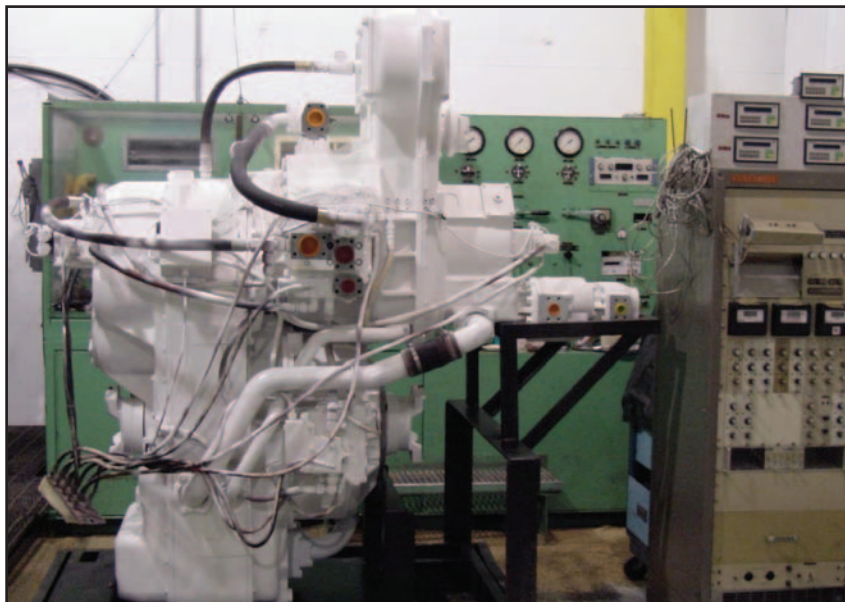
In an effort to more accurately reflect the activity that has spurred its dramatic growth in recent years — powertrain remanufacturing and services — the Windsor, Wis.-headquartered company has changed its name to Palmer Johnson Power Systems.

“Our customers know us as Palmer Johnson, so that's staying,” said Eric Quinn, sales manager. “And the company is focused on servicing and distributing powertrain components. So Palmer Johnson Power Systems is a good fit for us.

“Distribution is great — we're very good at it and we're not moving away from that model,” Quinn added. “But we don't want distribution to be the only thing people think of when they see us. And sometimes you don't get a chance to explain.

“If a customer requires a torque converter overhaul and they search the web, Palmer Johnson Distributors will come up, but they may look at that and say, ‘Oh, that's a distributor, that's not what I'm looking for,’ and move on. It's easy for them to think of us as a big warehouse rather than a 13 branch network of full-service shops and factory-trained technicians.”

“Palmer Johnson's image in the mar-



**Much of the growth of Palmer Johnson Power Systems — formerly Palmer Johnson Distributors — has been through the company's expanding remanufacturing and service operations. The company rebuilds a range of power transmission components and each undergoes a thorough test procedure prior to shipping to ensure it meets the manufacturer's specs.**

ketplace has to match the company's capabilities,” added General Manager Craig Parsons. “We are not just a brand-name distributor. Our marketing message is that Palmer Johnson is a full-service powertrain supplier and component remanufacturing and service center.

“The company is growing fast, thanks largely to its excellent reputation as a value-added supplier and service firm. That's why we're broadening our product offerings, expanding our facilities and are instituting the new name.”

For much of its history, “distributors”

did pretty much sum up Palmer Johnson Distributors' activities. A spin-off of the well-known yacht builder Palmer Johnson, the company was founded in 1977 and was primarily a supplier of Twin Disc marine transmissions and accessories, operating out of three locations in the upper Midwest. Yet even early on, the company made the strategic decision not to focus exclusively on that segment, instead opting to broaden its scope to include industrial products such as transmissions, transfer cases, clutches, brakes and driveshafts from a range of manufacturers, including Twin



**While most of its expansion has come through its activity in the construction and industrial markets, Palmer Johnson Power Systems is still active in the marine business, serving as a distributor and remanufacturer of Twin Disc marine transmissions.**

Disc, Funk, Eaton, Rockford Powertrain, Wichita, Allison Transmissions, Cotta Transmission and Dana Spicer.

“We started out in marine, but we looked at our geography and knew it would benefit us if we could capitalize on industrial products,” Quinn said. Merely being involved in product distribution, he added, offered limited growth opportunities. “If you’re selling parts and don’t add value and offer service capabilities, your growth is limited,” he said.

The company pursued opportunities to provide value-added service, eventually establishing service programs for a number of leading OEMs. These include New Holland, John Deere, Caterpillar, AGCO, CNH, Komatsu Dresser, MiJack and Buhler. Those activities expanded to include remanufacturing, exchange programs, field service campaigns, warranty support and inventory warehousing. Additionally, Palmer Johnson became involved with several North American transmission remanufacturing programs with high-volume off-highway OEMs.

In the typical reman program, Quinn said the company can turn product around in a few days from the core arriving to final assembly, testing and painting. “Reman is not an assembly-line

process,” he said. “We have the mechanic stay with the job from start to finish. The average mechanic here has 15 years’ experience and they’re completely cross-trained in all of the products and processes. This helps ensure quality.

“In addition, Palmer Johnson uses genuine parts, replaces 100% of bear-

ings, seals and gaskets, and fully tests every reman transmission.”

As part of a typical OEM reman program, Palmer Johnson will manage the acquisition and pricing of cores, remanufacture the core to original OEM specs, and inventory the reman units. In most programs, Palmer Johnson also manages warranty support.

“We can basically design and implement a turnkey operation,” Quinn said. “We can manage cores, warehouse and control reman unit inventory and work with the OEM’s dealer networks. Basically, we partner with the OEM to design a program to address their specific requirements. These programs help the OEMs offer higher levels of customer service and consistent quality to their dealers and help capture aftermarket parts sales, ultimately supplementing the OEM’s return on investment.”

“We also offer many PJ-owned remanufacturing programs,” Quinn added. “For example, we started a program covering the Twin Disc torque converters used on all the old traditional cranes, like the American and P&H. The converters are out of production, but the cranes are still out there. So Palmer Johnson stocks these remans across our branch network.

## Palmer Johnson Power Systems



### Madison, Wis. (Headquarters)

#### Sales & Service Branch Locations

Racine, Wis. (Master Warehouse)

Chicago, Ill.

St. Paul, Minn.

St. Louis, Mo

Kansas City, Kan.

Little Rock, Ark.

Oklahoma City, Okla.

Dallas, Texas

Denver, Colo.

Phoenix, Ariz.

San Francisco, Calif.

Los Angeles, Calif.



**As part of a typical OEM reman program, Palmer Johnson Power Systems will manage the acquisition and pricing of cores, re-manufacture the core to original OEM specs, and inventory the reman units. In most programs, Palmer Johnson also manages warranty support.**

“In addition, most of our branches have established regional reman programs to respond to local markets. For example, if the region has a heavy population of wheel loaders, the branch will track down cores and operate a reman program for that specific requirement. Palmer Johnson owns hundreds of reman units as a part of these local exchange programs.

“And we still cover marine transmissions. We support the Mississippi, the Great Lakes and the West Coast and have exchange units in stock, so that if a marine gear goes down, we’ve got a reman available.”

Palmer Johnson has also continued to expand its industrial powertrain activities, establishing service and distribution relationships with industry heavyweights such as ZF Sales & Service North America (ZF’s off-highway division), ArvinMeritor and AxleTech International.

“Palmer Johnson was named the authorized distributor for the off-highway division of ZF and for AxleTech,” said Parsons. “The ZF territory includes 14 states in the

Midwest and Great Lakes. The AxleTech arrangement is for North America.”

In addition to traditional distribution, Palmer Johnson is building an inventory of ZF and AxleTech exchange units, and will administer field service campaigns for ZF, AxleTech and ArvinMeritor.

Augmenting its commitment to re-manufacturing and service, Palmer Johnson has broken ground for a 65,000 sq.ft. facility in Sun Prairie, Wis. The new plant, which is primarily dedicated to OEM remanufacturing, also includes a full-service machining center. The facility is expected to be up and operational by April of 2006.

In addition, several of the company’s branch locations are expanding and adding capabilities in response to local growth. Earlier this year, the Arlington, Texas, operation moved into an 18,000 sq.ft. sales and service facility to meet increased demand, primarily in the oil field. The new facility is equipped with multiple built-in cranes and overhead doors that permit transmission and axle removal/installation

from large equipment including fracturing rigs.

Similarly, the Oklahoma City branch is relocating to a site 30% larger than its current facility, again primarily due to the expanding oilfield market. “That’s the primary advantage of having all of these branches,” said Parsons. “We can serve local markets. If we just had the location here in Wisconsin and were trying to service the oilfield, it wouldn’t work.”

Quinn said the company’s ability to deliver value-added services has moved Palmer Johnson into packaging, supplying component assemblies and low-volume parts machining for OEMs. “In many cases, OEMs have decided to outsource low-volume parts or assemblies,” he said. “So in situations where an OEM is looking for a contractor to build a gearbox or make some low-volume parts, well that’s something else Palmer Johnson offers.”

“Ultimately, Palmer Johnson is a service provider,” said Parsons. “Yes, we excel as a distributor, but the challenge is to offer more value-added services to a broader audience. That’s where our growth is going to be.” ★