Name

Course

Tutor

Date

**Managing Remanufacturing operation**

I think Renault Truck should invest in project 2, which involves building a new dedicated manufacturing plant. Having considered different options, I think Renault Truck has to establish a new remanufacturing plant 5km north of Limoges since this project will likely to accrue superior benefits than the alternative ones. To start with, the setting new remanufacturing plant would increase manufacturing output to 300, 000 units by 2006, representing higher margins compared with project 1. The higher production will mean increased revenue for the company and improved competitive advantage. Secondly, establishing a new remanufacturing plant will streamline operations which would significantly reduce logistical costs and improve automation. The operations will be highly efficient and effective hence reducing downtime and ensuring that customers receive remanufactured product in a shorter time.

Thirdly, setting new remanufacturing plant would help the company to dedicate entire manufacturing process towards remanufacturing, and this would enable the company to tailor operations to meet stringent emission regulations and work towards reducing liquid wastes and better storage of carcass. By doing this, the company would set new industry's standards in terms of environmental safety and working conditions hence bolstering the company's image and brand. Additionally, adopting project 2 would increase the company's competitiveness and ensure that it stays within the industry's trends. Renault's main competitors, including Mercedes, Man, Iveco, Scania and Daf have all established dedicated remanufacturing plants, this meaning that the company has joined the trends as it will help the company remain competitive. Lastly, adopting project 2 would help the company improve aftermarket services which are crucial ensuring customer loyalty and reducing the possible sale of substandard spare parts by independent dealers. By building dedicated remanufacturing, plant customers will get better spares hence improving the company's image quality and security.

**Reference**

IMD. Renault Trucks: Remanufacturing as a Strategic Activity.2005, IMD294 v. 21.07.2005