The Ring of Rejection

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Are your ears still ringing from the sound of your last rejection? You may have been able to prevent that by following the advice offered here. Addressed are rejections as a whole, with an emphasis on nonferrous scrap; additional commentaries cover stainless steel and nickel alloy specifically, as well as iron and steel.

By A. Sheldon Derer

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The most jarring phone call to a scrap broker or processor is the one in which the caller says, "The load you shipped us is rejected." And so begins another chapter in the story of consumer and supplier.

Are there more rejections currently than there used to be? It seems so. Have consumers changed their specifications for scrap? Most say they haven't. Is the scrap shipper sending scrap of a lesser quality? Most say they're not. Then why the problem? The scrap supplier is becoming more and more important to the consumer as a major supplier of raw materials. As the role of scrap increases, so does the requirement for quality. This applies to the materials not only for sheet mills and extruders, but for the secondary smelters as well.

A major factor that must be recognized by the shipper is that today there are many relatively new consumers of scrap. As a result, many of them have new requirements for material, packaging, and scheduling. What has been the custom in the past may not apply today.

The consumer's product determines the scrap mix he allows. What may be an excellent feed for one mill could be poison to another.

Know What's Needed

The purchase order is where it all begins. Here, things too often are taken for granted. Both the purchaser and the seller must be sure that the quantity, packaging, and shipment period are clearly specified, and that the material is fully described. The supplier should ask questions and be sure he gets complete answers. Nothing should be taken for granted. Not every consumer has the same specifications because of his particular requirements and facility. Be sure everyone is speaking the same language. This is the first and one of the most important steps to avoid problems.

Many times the seller of the material does not relay all the necessary information to his people responsible for grading, packaging, and loading. This must be done, preferably in writing. Avoid the verbal order. That all-important word comes into play: communicate.

Reasons for Rejection of Nonferrous

What are the reasons for rejection of nonferrous scrap? The most common reasons usually fall into these categories:

- contamination,
- improper packaging, and
- insufficient preparation.

Here are some examples:

Contamination.

- loose or attached iron in the load;
- painted material mixed with what was supposed to be bare material;
- mixed alloys in what was supposed to be segregated alloys;
- excessive oil in material;
- water in the load--which could be explosive in the melt.

Improper packaging.

- material loose when it was supposed to be packaged;
- poor packaging--not able to unload trailer due to shifting;
- potential for damage to trailer when unloading loose or packaged material.

Insufficient preparation.

- purchase order instructions not followed;
- size specifications not followed;
- disregard for appearance of product.

In some rejection cases, it is possible to work out a price reduction as a means of compensating a consumer for extra handling. At other times, however, the entire load must be returned to the shipper or shipped to another consumer who can handle it--generally at lower prices. No matter how a rejection is handled, it is a costly situation for the shipper, and in many cases for the consumer because of the extra handling involved.

Prevention the Best Policy

Many of these situations can be prevented by using a formalized inspection system prior to shipping. Inspections should not be left to the discretion of any available employee but should be given the importance they deserve. The values of today's loads necessitate more than a peripheral glance--costs of rejections can run thousands of dollars.

A thorough inspection covers these questions:

Is the material being loaded the same material that was sold? Check the contract or purchase order.

- If it is not, did you get permission to ship it?
- Is the material clean and free of unwanted contaminants?
- Is the material correctly and securely packaged?
- Are packages tagged with material identification? (Weights also can be helpful.)

Now that I've emphasized the importance of the shipper methodically checking his load before shipping, here comes the fly in the ointment (better known in our industry as the 3105 or 3004 in the 3003).

In many cases, when the shipper is told by a consumer that an alloy other than the one requested was mixed in what was to be a segregated alloy load, the shipper yells "foul" or "impossible." Impossible because it comes directly from a plant that supposedly uses only the specified alloy. What happened? Possibly one of two things:

- the plant changed or added to its alloy usage and did not notify the scrap processor, or
- the alloy supplier to the plant substituted alloys with or without advising the plant.

What should the processor do? First, he must request samples of the unwanted alloys from the consumer. He then should present the identified samples to his supplier and request the appropriate price adjustment. Then he either should find out if the mix can be prevented in the future or should adjust his buying price accordingly.

As a preventive measure, the processor periodically should check with his suppliers to see if there have been or will be alloy changes.

It is extremely important that the scrap supplier be fully aware of his consumer's scrap specifications. He should ask questions and be certain of what is required prior to the sale being made. If the processor has a doubt, he should have his supplier describe fully what it is he is selling. And, most important, the processor must pass information about the consumer's requirements to his people responsible for preparing and shipping the product.

There is certainly no instant cure for rejections, but the prevention pill needs to be swallowed first by the shipper. Not only should the material be sorted and labeled properly, it should be loaded in a presentable fashion. The initial reaction to the appearance of a load by the consumer can affect his ultimate decision: acceptance, downgrade, or outright rejection.

The relatively low costs involved with the proper preparation, packaging, and loading of the

scrap product more than offset the costliness of rejection. It's one investment with a sure positive return of dollar and reputation.

An overview of specifications and information on using the ReMA Scrap Specifications Circular 1988 is offered in the March/April 1989 Scrap Processing and Recycling feature "Specifications: The International Language of of Scrap."

Iron and Steel Scrap Rejections

By John David Isaacs

Investment is the answer to many scrap business ills, but perhaps most importantly to rejections. To prevent the often-great expense and the horrible hassle triggered when a consumer finds something wrong with one of your shipments, you must invest a lot of time and money in several aspects of your operation.

First, you must invest in processing equipment that will ensure clean scrap. Consumers are requiring increasingly cleaner raw material. In fact, more and more are requesting known analysis material. In my opinion, specifications for iron and steel scrap are going to get tougher.

You also must invest in the inspection process-this investment is paramount in both your receiving and shipping operations. Three full-time inspectors visually check scrap coming into our ferrous facility, which handles approximately 15,000 tons a month. Every load is inspected for contamination, which can be in the form of nonferrous material, dirt, nonmetallics, or possibly hazardous waste. An inspection ticket is completed and signed by the inspector for every load. In case of a problem load, the driver also verifies the content of the load and signs the ticket. Outgoing iron and steel scrap is inspected visually by three to four employees devoting 20 to 40 percent of their day to this process.

I recommend, too, that processors of ferrous scrap invest the time it takes to be positive that consumer contracts are comprehensive and are followed. Also, check billing carefully. Unintentional mistakes can easily be made.

In summary, spend the time to find out exactly what your consumer wants, and make sure every aspect of your operation is geared toward delivering the product you promise.

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Stainless Steel and Nickel Alloy Scrap Rejections

By Gerald W. Stewart

The reasons for consumer rejections of stainless steel and nickel alloy scrap are generally the same as those for most other nonferrous metals: contamination, improper preparation or

packaging, and shipment by an unsuitable method. And the rejections are handled in a similar manner.

Two major differences, however, are the shipment of alloys with a guaranteed analysis to a specialty melter, and the shipment of stainless steel to a consumer with limited capacity to prepare, dilute, or otherwise use the objectionable material.

In the case of guaranteed-analysis material, the scrap is not rejected, but the consumer returns the off-analysis metal made from the processor's material and charges the processor a large sum of money for the lost heat.

Since the vast majority of stainless and nickel alloy scrap does not move directly from the generator or supplier to the end-consumer, but rather to a processor who specializes in preparation of the material for final consumption, most suppliers of this type of scrap are exposed to possible regrading or resorting of their material rather than outright rejection.

Most common are regrades or price reductions for oversized material; material with ferrous, nonferrous, or nonmetallic attachments; and so-called sealed units such as beer kegs and small tanks or vessels that have not been cut or punctured.

Over the past few years, one other type of contamination has been discovered that results in the total rejection of the contaminated material without recourse or negotiation: radiation. Most major processors and consumers of stainless steel have installed radiation detectors to protect against possible harm to their employees and against contamination of their scrap inventories and facilities. It would behoove any scrap supplier or processor who handles obsolete fabricated stainless steel materials to invest in some type of radiation detector to save himself from disastrous expenses and possible loss of his business.

Editor's Note: *For detailed information on radiation and detectors, see "How Detection Can Mean Protection," on pages 107-112.*

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