

Retooling Recalls: Getting to 100% Completion

Speeding Up Parts Availability and Prioritizing Distribution

Breakout Session Notes

April 28, 2015

Objective(s): Share ideas for making sure parts are available to remedy defects as quickly as possible.

Background: Ensuring timely availability of parts is crucial to remedying recalls. But it goes beyond just fixing the vehicles. When parts aren't available soon after recall notification, customers become agitated. They may eventually become complacent if they drive a vehicle with a defect for too long without incident.

Challenges:

- Capacity – creating enough product, especially for legacy production parts.
- There's not much that can be done to speed up parts development – it's too complex a process and efforts to hurry up could end up causing more defects down the line. The laws of physics are immutable. Whatever replacement part has to resolve the defect and can't introduce any other defect. They can't take short-cuts on safety in designing new parts. Then it has to be crash tested.
- They can't really speed up the manufacturing process either. Plants do not have any excess space just sitting around that's ready to use. It's a complicated process to gear up production for a specific piece of equipment, especially for vehicles that are no longer in production or if the original supplier is no longer in business.
- With today's manufacturing methods, there are no idle assembly lines. It all comes down to the balance of getting your timing right. It's a structural issue. With the way things are today, where totally new parts have to come together, you can't get around the delay in delivery. But we can't deliver immediately which leads to frustration for customers.
- The time frame for required notification to NHTSA and customer vs. the time needed to supply parts.
- Better coordination of announcement of recall with the availability of replacement parts.
- Better coordination of when and where customers come in for the repairs.
- Global recall process – it would be very helpful to have a more harmonized regulatory process.

- Need to ensure that the repairs reach all types of owners, including rental car companies and salvage yards.
- When the parts are available, the distribution process can be ad-hoc. Do you distribute 10 new parts to each dealer, do urban dealers get more than rural dealers, etc. Lack of availability leads to scarcity – we need an equitable distribution strategy. Supply and demand is not equal. One dealer might get 7 parts, another gets 2, another 18. But dealer X needs 20. How do you allocate in an equitable way?
- Improve customer communication on prioritization. If there is a delay in access to new parts, explain why.
- How to determine when and where the customers are coming in for repair is the issue so that the right number of parts get sent to each dealer. Every OEM has its own system, but unless a consumer has had contact with a dealership, a lot of them might not be in the OEM database.
- Another factor that slows down the process is that every country has different regulations regarding recalls. This inconsistent regulatory framework makes it more difficult and adds time to the process. We need a global distribution and regulatory harmonization.

Possible Solutions:

- Tiered levels of the risk (in dialog with NHTSA) for a more synchronized and seamless process.
- Synchronize parts availability to peak interest and awareness by consumers -- flexibility in the notification schedule to meet parts availability. Use a classification approach to recalls (as is done in other countries). Recalls that pose imminent danger would be the highest level. But for other recalls, allow the OEMs to develop the revised pieces before announcing it to the public. The goal is to link parts availability to peak consumer interest (the first time they hear about the recall). It becomes harder to bring them back into a dealership if they have been turned away because the part isn't ready. If you have to turn a customer away, collect contact info and offer incentives with effective communication for them to come back later. But this could also backfire – if people think there are incentives for delaying getting their car repaired they might choose to delay taking action.
- Work with salvage industry (to find legacy parts).
- 3-D printing might work for some types of parts, but not for major pieces that require forged steel.

- Work more closely with NHTSA and media to notify customers when parts are available.
- Create process whereby recalls are checked at every service appointment
- Better harmonization on the global level would help speed up the process.
- Better access to more batch data (VIN and part numbers)
- Ensure all types of owners are notified.
- Collect contact info on first interaction with customer to allow for more targeted outreach effort, and offer more incentives to comeback in.
- What else then can be done to help with increasing recall completion rates? By better managing public expectations, the public will be more likely to follow-through with getting their vehicle repaired.
- On the other hand, if you notify people up front without a ready solution, at least they have an option of not driving the vehicle.
- But if they do have to come back, allow the OEMs to get more contact info (phone and email) so they can send out electronic alerts, which is the best way to reach young people since most young people get their news from electronic devices. And since younger people are the ones least likely to take their vehicle in for repair, it makes sense to ensure that this source is available. But who would make that critical decision of what can be delayed?
- It would have to be joint effort between NHTSA and the OEM to determine different levels of safety risks. Transparency is key. This would also require changes in the law in terms of when the consumer is notified since notification is required by law, and there is no real difference between dangerous and less dangerous recalls.
- But sometimes we can only distribute 1-2 a week if availability is scarce. But it can't be giving all to the large dealers and none to the small ones. A newer car will have clearer picture on demand profile. Vehicle registration could be a starting point.
- Streamline and expedite batch data process for VIN and part number to more readily identify faulty parts in the supply chain. Getting real-time data. Repair shops and insurance get this data so there's an IT version from the OEM already.

Actions we can take/recommendations:

- Classification of risk
 - This would be a dialogue between OEMs and NHTSA about the options
 - Allow more flexibility with the notification process.
 - For recalls that do not require imminent danger or need for the driver to take immediate action, allow OEMs to delay initial notification to synchronize parts availability with peak customer awareness. (Too many recall notices can lead to recall overload for drivers.) This would give the OEMs extra time to design, develop, test and manufacture any new parts needed and have it ready to go when it is announced to the public. The goal would be to better manage customer expectations about the recalls so they are not frustrated with any delays.
- Use of batch data to match VINS to recall and provide a full inventory of parts availability. The goal would be to identify faulty parts in the supply chain, and streamline and expedite the process. (It would provide more real-time info.)
- Collect contact data on first interaction with customer regarding recall notice (get email/phone number to be able to send text message alerts if needed). Also offer incentives to return when parts are available (if they aren't ready).