

Reacquired Vehicles Process Streamlined for a Global Auto OEM

Enabling U.S. lemon law compliance saves millions and mitigates owner dissatisfaction

Client

Our client is a global automotive Original Equipment Manufacturer (OEM) selling and supporting 14 models through a network of nearly 3,500 dealers in the U.S.

Selling nearly 4 million vehicles p.a. with thousands of highly complex mechanical, electronic, power train, body and suspension components; purchased by millions of diverse customers; and serviced by tens of thousands of independent dealership technicians can on occasion result in multiple unsuccessful attempts to repair a vehicle and subject the OEM to vehicle buyback legislation. All automotive OEMs follow extensive, mandated federal and state guidelines to resolve “lemon law” complaints.

Business Requirement

Although OEMs have processes in place to resolve complaints before offering to buy a vehicle back, occasionally the only way to satisfy customers is to get them out of their original purchase, even if that costs the OEM more (the process tends to be extremely detail oriented and time consuming). Compliance requirements vary by state, and some OEMs have been threatened with losing the right to sell vehicles in some of the largest states.

Most customers deal directly with the dealership where they purchased the vehicle. The OEM faces enormous challenges in balancing the complex issues: ensuring no customer is injured in a “lemon” vehicle, attempting to make an unpleasant situation better for the customer and dealer, and minimizing time and costs while complying with all regulatory requirements when a buyback decision is finally taken. This is where Concentrix comes in! **Our client needed a partner to ensure compliance to all legal requirements while minimizing total time and costs to repurchase, repair, and resell vehicles.**

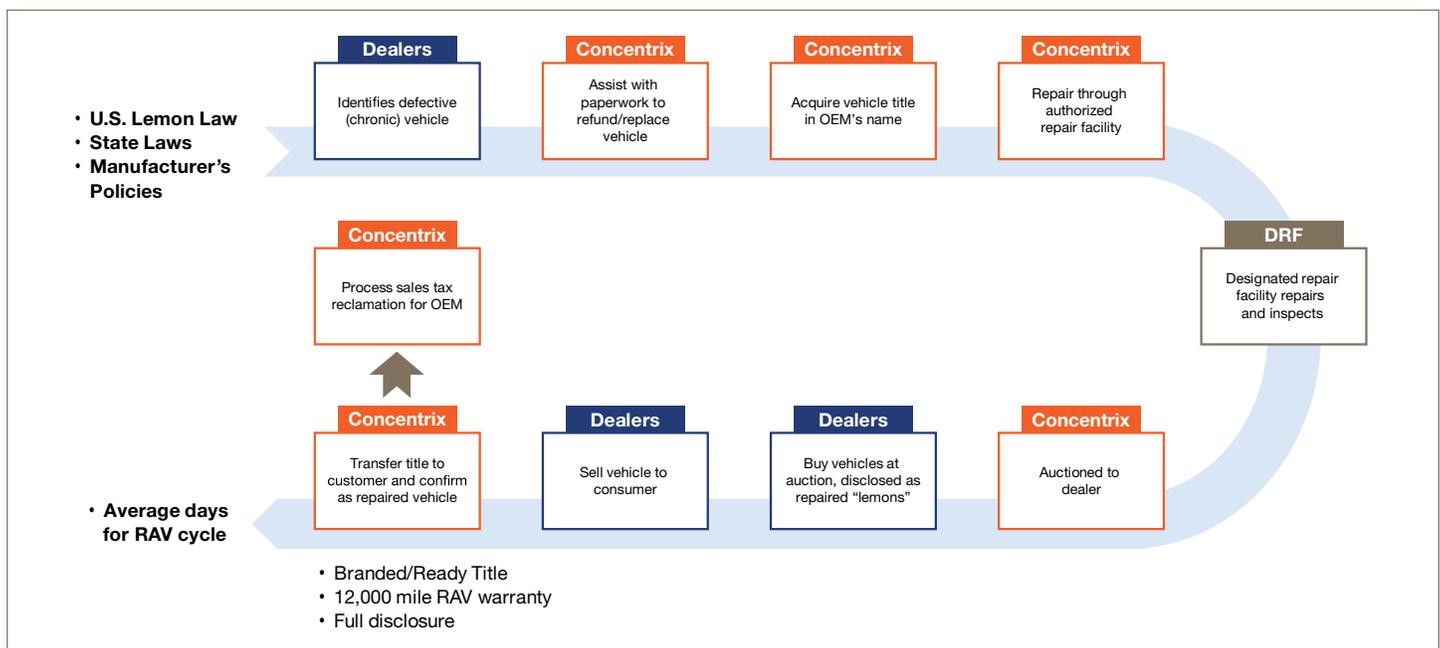


Figure 1: End-to-End Reacquired Vehicles Program: Optimizing customer and dealer satisfaction with cost and inventory management

Our client in fact stepped up its efforts to get to customers before they truly needed a refund or replacement. However, it also needed to be more stringent on the types of customers that received a refund. Definite loyalty data (to see if the customer could be satisfied before the lemon law process kicked in) became very important. More complexity is also evident today since OEMs cannot necessarily fix high tech in-vehicle products sourced from third parties (e.g., infotainment) and need to coordinate certain types of issues with suppliers.

Our Solution

We have studied, simplified, and innovated over the years to make this client's reacquired vehicles (RAV) program more efficient. Although there are multiple governmental and legal process steps that we must follow, our success is tied to the fact that "each customer is unique." Each case must be handled very carefully individually. Along with our custom-built technology platform, we thus created a high-quality RAV processing program to blend speed with the utmost accuracy.

On behalf of the manufacturer, Concentrix' administrators are responsible for managing the entire repurchase process to minimize handling days. From the time a case is uploaded, through the repair or salvage of the vehicle, up until the day it is disposed of we continually track, measure and report all major process steps to minimize cycle time, and reduce overall costs for our client.

To meet the more recent economic downturn's challenges, we have added new components to assist this client to reach customers well before the last step of a return/refund through proactive direct mail and customer satisfaction-enabling solutions.

Major Results

Some key results delivered to this client are:

- **Saved millions in carrying costs and cycle times:** We have reduced the entire cycle time from averaging 90 days per case historically to 70 days per case. For example, through a Six Sigma intervention, we innovated within the process to reduce upload to buyback cycle time by 17.4% in one year. Also, while maintaining cycle time at the reduced level, we can today process 30% higher volumes.
- **100% accuracy:** For 1,500+ RAV cases every year (and also several hundred other goodwill cases since our goal is to mitigate RAV cases), we have delivered zero error accuracy over the past five years based on 100% audit. This is strategically and tactically very important for our client, since even one mistake could cost millions of dollars in legal fees.
- **Technology innovation saves more than \$5 million:** We implemented an online vehicle value determination system as a true value partner to our client.
- **Consultative value adds to help rein in buybacks:** Through data mining and process analytics, we provide highly consultative support to identify trends proactively. By integrating our platform with relevant client systems (e.g., data for specific vehicle lines or age of vehicles, customer comments, field and legal counsel feedback), our process experts run tactical marketing programs beforehand to add value to the buyback process and help mitigate buybacks!

For more than 15 years, Concentrix has continually added many process and technology innovations to raise program performance while meeting strict legal, compliance, and financial audit requirements.

To learn more, please contact us at inquiry@concentrix.com or visit www.concentrix.com

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