

# CAR **OTD** TIMES REMAIN STATIC WHILE TRUCK **OTD** IMPROVES

Although order-to-delivery (OTD) times remained relatively static in MY-2013, there were notable improvements, especially among light-duty trucks and SUVs.

Quality holds and recalls impacted some high-volume fleet models.

BY MIKE ANTICH & LAUREN FLETCHER

## AT A GLANCE

While OTD remained relatively static overall, year-over-year, delivery times were still above the industry average benchmark of 60 days. This was impacted by:

- OEM quality holds continue to impact fleet OTD. Many vehicles were held by OEMs for a final inspection and rework before being released from the production plant, delaying delivery.
- Superstorm Sandy, which swept through the Northeast and Mid-Atlantic in fall 2012, severely affected vehicle deliveries.
- The rail companies have yet to add back many of the railcars that were decommissioned during the economic downturn, so a general shortage continues across North America.
- Increased fleet order volume caused backlogs at upfitters.

Order-to-delivery (OTD) times for the 2013 model-year remained relatively stable when compared to MY-2012; however, there were notable improvements, especially among light-duty trucks and SUVs.

While OTD remained relatively static overall, year-over-year, delivery times were still above the industry average benchmark of 60 days.

"Certain individual models experienced notable increases or reductions in OTD timing in 2013, but average overall OTD times, across all models, did not change significantly from 2012. In both years, overall averages were above the 60-day industry accepted standard," said Jan Freund, director, manufacturer relations for Wheels Inc.

The key reasons for some OTD delays in 2013 were due to OEM quality holds and transporter-related issues.

"Rather than forces outside our industry delaying order-to-delivery times, we found the top influencers to be within the manufacturer and transportation compa-

nies themselves," said Tim McHugh, vice president, supply chain & compliance for ARI. "These included supplier commodity constraints, quality assurance/quality holds, recalls, assembly plant downtime, and railcar shortages."

Other factors impacting 2013-MY OTD included:

- Weather-related delays.
- Production backlog and delays with upfitters, who were working at capacity.
- Lack of timely delivery processing by some dealers.
- Higher overall vehicle replacement volume, due to increased industry demand for the commercial truck and van segment.

One of the biggest issues impacting OTD was the improved national business climate.

"Overall, there were increased vehicle volumes due to the continued industry growth rate," said Brad Vliek, VP, client solutions for Emkay.

The increased industry order volume was up across the board, but the increased volume in some



FREUND



VLIEK

vehicle segments were more pronounced than others.

"There was a higher overall replacement volume, especially increased demand for the commercial truck and van segments," said George Kokos, manager, new vehicle acquisition for PHH Arval.



**KOKOS**

The impact on OTD by increased industry order volume was also cited by Wheels.

"In an effort to ensure improved supply, the Detroit manufacturers reduced their annual two-week summer shutdown at dozens of plants that produce the most popular models. Ford halved production at about 20 North American plants and nearly all of Chrysler's engine and transmission plants operated straight through the summer without shutdown," said Freund.

Another factor delaying OTD was related to delivered replacement vehicles sitting on dealer lots without timely notification to drivers.

"Timely delivery processing by dealerships continues to drive additional cycle time into the overall experience for customers," observed Candice Groth, manager, factory ordering, and vehicle information center for GE Capital Fleet Services.



**GROTH**

These were among some of the findings of *Automotive Fleet's* 14<sup>th</sup> annual OTD survey, which was based on data and analyses provided by six fleet management company (FMC) survey partners. The six survey partners were:

- ARI.
- Donlen.
- Emkay.
- GE Capital Fleet Services.
- LeasePlan USA.
- Wheels Inc.

The AF OTD survey tracked deliveries of 136,747 new vehicles in the 2013 model-year, representing 87 different models.

The survey methodology calculated OTD times for cars from the day an order was placed with a factory to vehicle delivery to a dealer (not driver pickup). Truck OTD was calculated from order placement to delivery to an upfitter or, if no upfitting was re-

2013 ORDER-TO-DELIVERY TIMES: CARS			
CAR MODELS	2013-MY OTD (DAYS)	2012-MY OTD (DAYS)	CHANGE (DAYS)
2013 Subaru Outback	44	66	-22
2013 Subaru Legacy	50	67	-17
2013 BMW 3 Series	51	56	-5
2013 Chevrolet Cruze	51	49	2
2013 Chevrolet Impala	53	47	6
2013 Dodge Avenger	53	48	5
2013 Ford Taurus	53	57	-4
2013 BMW 5 Series	55	N/A	N/A
2013 Buick LaCrosse	56	52	4
2013 Chrysler 300	56	60	-4
2013 Buick Verano	56	N/A	N/A
2013 Toyota Avalon	57	57	0
2013 Chevrolet Malibu	57	52	5
2013 Dodge Dart	58	72	-14
2013 Toyota Corolla	59	82	-23
2013 Chrysler 200	59	59	-1
2013 Toyota Camry	60	57	3
2013 Dodge Charger	61	52	9
2013 Toyota Camry Hybrid	62	61	1
2013 Lincoln MKS	63	54	9
2013 VW Passat	63	70	-7
2013 Cadillac XTS	63	N/A	N/A
2013 Ford C-MAX/C-MAX Energi	63	N/A	N/A
2013 Cadillac CTS	66	65	1
2013 Ford Focus	68	87	-19
2013 Mazda6	70	70	0
2013 Volvo S60	71	69	2
2013 Nissan Sentra	79	76	3
2013 Ford Fiesta	80	81	-1
2013 Chevrolet Volt	83	82	1
2013 Ford Fusion	85	75	10
2013 Audi A6	86	79	7
2013 VW Jetta	86	86	-0
2013 Nissan Altima	88	77	11
2013 Ford Fusion Hybrid	89	76	13
2013 Audi A4	95	94	1
2013 Nissan LEAF	98	81	17
2013 Toyota Prius	100	93	7

quired, to a dealer. The days spent at an upfitter were not included in truck OTD times.

The industry average was calculated for each model tracked based on information provided by participating fleet management companies.

#### MY-2013 OTD vs. MY-2012

The good news is that OTD was relatively unchanged for the 2013 model-year.

"Overall, order-to-delivery times were about the same in 2013 as they were in 2012," said McHugh of ARI.

This observation was echoed by the other FMC survey participants.

"Although some models experienced increases, there were many models that im-

proved or didn't change. Some of the OTD delays that did occur, particularly early in the model-year, were due to multiple recalls on a specific model and material/quality holds," said Cindy Gomez, director of



vehicle acquisition services for Donlen. “However, as the model-year progressed, OTD times seemed to improve.”

Two vehicle segments that showed the greatest improvements in OTD times were trucks and SUVs.

“In reviewing the data from MY-2012 to MY-2013, there was significant improvement from order-to-delivery with cargo vans and utility trucks. In some cases, manufacturers improved time spans by as much as 30 days. These tighter time frames created a better ordering experience for our mutual customers, as we are more in line with our original past lead times of 10-12 weeks for these vehicle types,” said Groth of GE Capital Fleet Services.

The faster delivery times for light-duty trucks and SUVs in the 2013 model-year was also cited by PHH Arval.

“Overall, 2013 was another model-year where we realized improvements to order-to-delivery times, particularly to key truck and SUV models,” said Kokos of PHH Arval. “Although there was some variability among the manufacturers and delays throughout the model-year for some models, the motor companies showcased improvements to both production efficiencies and cycle times. This was critical, since demand in these segments continues to show growth.”

Agreeing was LeasePlan USA, which made a similar observation.

“We saw an average improvement in the truck



GOMEZ



KELLY

### 2013 ORDER-TO-DELIVERY TIMES: SUVs

CROSSOVER/SUV MODELS	2013-MY OTD (DAYS)	2012-MY OTD (DAYS)	CHANGE (DAYS)
2013 BMW X5	40	34	6
2013 Jeep Compass	49	69	-20
2013 GMC Acadia	51	53	-2
2013 GMC Terrain	51	50	1
2013 Dodge Durango	52	56	-4
2013 Buick Enclave	53	48	5
2013 Chevrolet Equinox	53	60	-7
2013 Chevrolet Traverse	53	50	3
2013 Jeep Grand Cherokee	54	68	-14
2013 Dodge Journey	57	63	-6
2013 Jeep Patriot	60	56	4
2013 GMC Yukon	60	57	3
2013 Chevrolet Captiva	60	72	-12
2013 Chevrolet Suburban (combined)	60	52	8
2013 Ford Flex	62	70	-8
2013 Ford Explorer	64	79	-15
2013 Cadillac Escalade (ESV & EXT)	65	64	1
2013 Chevrolet Tahoe	66	59	7
2013 Mercedes-Benz GL Class	69	54	15
2013 Toyota RAV4	69	83	-14
2013 Ford Expedition	70	61	9
2013 Ford Edge	72	80	-8
2013 Volvo XC 90	72	67	5
2013 Ford Escape	73	83	-10
2013 Mercedes-Benz M Class	77	63	14
2013 Toyota Highlander	81	85	-4
2013 Subaru Forester	85	85	0
2013 Audi Q7	96	90	6
2013 Audi Q5	98	N/A	N/A
2013 Toyota Sequoia	101	117	-16
2013 Toyota 4Runner	118	114	4

and crossover segments by more than seven days. The van segment remained unchanged year-over-year,” said Elizabeth Kelly, director of operations, vehicle acquisition for LeasePlan USA.

### Quality Holds Continue to Impact Commercial Fleets in MY-2013

As has been the case for the past several model-years, OEM quality holds continue to adversely impact fleet OTD.

“Many vehicles are held by the manufacturers for a final inspection and, if necessary, reworked, before being released from the production plant,” said Freund of Wheels. “Several automakers have a ‘build and hold’ practice in place for the introduction of all newly redesigned models. Typically, the delays are extended when suppliers are unable to provide a quick fix and deliver new parts. This can potentially cause a buildup of inventory at assembly plants and outside storage yards, resulting in shipping delays.”

This was especially the case with sever-

al high-volume fleet vehicles, popular with commercial fleets. “The redesigns of a few popular vehicle lines impacted the cycle time as the manufacturers held vehicles to monitor for quality assurance,” said Groth.

Quality holds were most common with redesigned models. “LeasePlan USA experienced delays of new-model vehicles as a result of quality holds. Contributing factors were the introduction of redesigned models to the market and regulatory inspections,” said Kelly.

An example of a redesigned model experiencing quality holds was the Nissan Altima.

“For certain models, quality holds were indeed an issue. Nissan, for example, experienced some production and delivery delays with the new Altima,” said Freund.

A variety of other models were also impacted by quality holds.

“Material and quality holds played a major role in several delivery delays for model-year 2013. Models impacted this year were the Lincoln MKZ, Ram 1500 Quad and





Crew Cabs, and the Ford Fusion,” said Gomez of Donlen. “Although the overall OTD for the 2013 Ford Fusion reflects a slight improvement, there were several challenges we faced for this model as well. In the beginning of the model-year, there was a material hold that impacted the OTD time. To further complicate the issue, as vehicles were repaired, there was a backlog in shipping these vehicles from the plants which resulted in units being delayed for several weeks and, in some instances, months.”

Another issue that compounded quality hold delays were component shortages.

“There were parts shortages, as related to the quality inspections for new model launches,” said Vliek of Emkay.

One area of frustration has been difficulties in getting detailed information on the duration of vehicle holds and when vehicles will be released.

“Because information related to quality holds is often closely guarded by the manufacturer, it may be difficult for factory contacts to relay the exact reasons why a vehicle is being held, or when it is projected to ship. While some manufacturers say the assembly plants prioritize fleet-sold orders so they can be moved through the inspection process quickly, we see little evidence of that actually happening,” Freund said.

When tabulating all of the factors that contributed to 2013 OTD delays, quality holds were the No. 1 issue contributing to delivery delays.

Agreeing with this assessment is GE Capital Fleet Services.

“Product and quality issues was the No. 1 influence affecting the overall performance for order-to-delivery in 2013-MY for GE Capital Fleet Services,” said Groth.



## 2013 ORDER-TO-DELIVERY TIMES: VANS

VAN MODELS	2013-MY OTD (DAYS)	2012-MY OTD (DAYS)	CHANGE (DAYS)
2013 Dodge Grand Caravan	54	62	-8
2013 Chrysler Town & Country	54	50	4
2013 Ram CV	57	N/A	N/A
2013 Toyota Sienna	69	79	-10
2013 Chevrolet Express (combined)	73	74	-1
2013 GMC Savana (combined)	74	85	-12
2013 Ford Econoline	100	85	15
2013 Mercedes-Benz Sprinter	109	128	-19
2013 Ford Transit Connect	141	144	-3
2013 Nissan NV (combined)	141	128	13

During the 2013-MY, certain models were more prone to quality holds than others.

“As with every model-year, we experienced a few significant quality holds. The largest impact came from the newly redesigned Ford Fusion. With the Fusion being one the most popular fleet vehicles, customers experienced delays that lasted several months, and, in some cases, required alternative options to fulfill the request,” said Kokos of PHH Arval.

A related issue delaying OTD were recalls on certain fleet vehicles.

“In the beginning of the model-year, we experienced multiple recalls on the 2013 Ford Escape. The recalls impacting the Escape resulted in all new orders being put on hold for several weeks until the impacted units still at the plant were repaired,” said Gomez.

This year, there were significant quality hold issues with the new Fusion being built at Ford’s Hermosillo plant in Mexico.

“It is standard operating procedure for all manufacturers to have containment holds for quality inspections prior to giving the approval to release new vehicles for shipment. The Fusion quality issues at the Hermosillo, Mexico, plant were particularly problematic. Multiple quality issues required every Fusion produced to be inspected and many thousand had to be parked at the plant for further quality inspections and repairs that were further delayed by parts supplier issues,” said Jim Tangney, VP of vehicle acquisitions for Emkay.

“It turned out that some of the first vehicles built were often the last to be inspected, repaired, and released from the plant, and some of these vehicles experienced a six- to eight-month lead-time. Clients



TANGNEY

were very frustrated with limited status updates to provide them, as were we. Later in the model-year, as some of the older orders were still not shipped, Ford had to advise us to re-order the vehicles or purchase one from dealer inventory.”

Some FMCs believe OEMs need to develop a better balance when addressing quality issues, so as not to adversely impact OTD.

“I understand vehicle quality is the No. 1 priority, but on-time delivery is also important. Customers expect quality-built vehicles and on time delivery, and generally are not terribly patient when one element is sacrificed for the sake of the other,” said Freund of Wheels.

One approach adopted by several OEMs to improve OTD is to embed their personnel with suppliers in an attempt to minimize supplier constraints issues.

“Several automakers are now working more closely with suppliers (in some cases, going so far as to embed employees at the supplier facilities) to improve communication, maximize production, and ensure quality-made parts in an effort to avoid failures and bottlenecks during vehicle assembly,” said Freund.

Nonetheless, quality holds for some popular commercial fleet models were especially lengthy.

“Some customers incurred added costs due to missed residual timing, repair costs to older vehicles still in use, and rental expenses,” Freund continued.

### Weather-Related Delays

There were several weather-related delays, including snowstorms, hail, heavy rains, and flooding, but, with the exception of Superstorm Sandy, most had minimal impact to 2013 fleet deliveries, according to Freund of Wheels. ▶

However, when Superstorm Sandy swept through the Mid-Atlantic and Northeast last fall, vehicle deliveries were severely affected.

"Flooding and power outages impeded carrier routes and significantly hindered railcar deliveries. Certain major ocean ports were shut down, body upfitter and dealership locations were closed, and the over-the-road transport companies stopped deliveries until road conditions improved," Freund said. "Wheels tracked down hundreds of vehicles and maintained communication directly with manufacturers as they helped augment our efforts to identify the location of our vehicles and dealer conditions."

Weather also caused rerouting of new-vehicle rail shipments.

"Unrelated to Sandy, last spring, heavy rains across the Midwest caused the rail companies to reroute cars west from Chicago through St. Louis and other gateways. Chicago and Kansas City are main rail hubs and disruptions delayed some deliveries for up to a week," Freund said.

However, these storms primarily impacted dealerships. "Weather did play a small contribution to OTD delays throughout this model-year. Hurricane Sandy and Hurricane Nemo caused damage to vehicles, dealer closures, and railcar delays. The number of Donlen vehicles that were damaged was minimal and, although dealers may have reopened within a few days, the dealers were not ready for customers to pick up their vehicles or transporters to deliver vehicles to their dealership," said Gomez of Donlen.

When assessing the significant weather events in the 2013 model-year, Hurricane Sandy had the greatest impact on OTD.

"Hurricane Sandy was the major weather news for the year. When it hit New York and New Jersey at the end of October 2012, it caused major damage, flooding, and power outages to the Northeast. Many area dealers sustained extensive damage and, in some cases, entire dealer inventories were wiped out. Vehicle shipments to the area were stopped as many transportation routes were impassable or down due to losing power," said Tangney of Emkay. "Vehicles at dealerships and enroute to dealerships had to be inspected as insurance adjusters were called in to evaluate the vehicles. We had many totaled vehicles that clients had to submit replace-

## 2013 ORDER-TO-DELIVERY TIMES: TRUCKS

TRUCK MODELS	2013-MY OTD (DAYS)	2012-MY OTD (DAYS)	CHANGE (DAYS)
2013 Ford F-Series Super Duty	53	N/A	N/A
2013 Ford F-Series (F-150/F-250/F-350)	58	84	-26
2013 GMC Sierra	60	67	-7
2013 Chevrolet Silverado (combined)	67	66	1
2013 Toyota Tundra	70	96	-26
2013 Ram (combined)	72	74	-2
2013 Toyota Tacoma	78	80	-2
2013 Nissan Titan	98	94	4



ment factory orders for or purchase out-of-stock vehicles, but vehicle inventories were much depleted. All of the manufacturers kept us supplied with status updates to their rail or transportation hubs, as well as which dealers regained power and were back up and accepting vehicle shipments."

Hurricane Sandy was also cited as a factor in OTD delays by Nathan Niese, operations manager, vehicle acquisition for LeasePlan USA.

"In the fall of 2012, Hurricane Sandy impacted order-to-delivery by causing interruptions in shipping channels and delays at destination ramps and dealers. In addition, hailstorms in spring 2013 contributed to order-to-delivery delays," said Niese.

The silver lining is that there were no further major weather-related issues for the remainder of the model-year, other than hail damage. "Hail in the Western regions caused vehicle delays due to repairs and total losses," said McHugh of ARI.

Tangney, likewise, cited hail damage that occurred in the spring of 2013.



NIESE



McHUGH

"The spring always has its share of hail storms, and this past year was no exception. Midwest plants and transportation hubs were hit by hail, in some cases damaging hundreds of vehicles. These vehicles had to be inspected, repaired, or deemed undeliverable and needed to be reordered," Tangney said.

But, despite several significant storms, weather had a negligible impact on OTD, compared to prior, more calamitous years.

"Compared to previous years, there were minimal weather challenges. With the exception of some delays due to Hurricane Sandy and the tornado in the Midwest earlier in the spring, the motor companies quickly resolved any logistical issues," said Kos of PHH Arval.

Severe inclement weather, especially on the Atlantic seaboard, also delayed shipment of import-badged vehicles parked at ports awaiting transport by rail and car haulers.

"The early blizzards in the Northeast didn't significantly impact any delivery experiences for us in 2013; however, Hurricane Sandy proved to be a little bit more impactful for our customers who ordered import vehicles and had vehicles sitting at port," said Groth of GE Capital Fleet Services.

## Rail-Related & Car Hauler Issues Continue to Impact OTD

The ongoing shortage of railcars continued to be an issue impacting fleet OTD, which was compounded by seasonal railcar constraints.

"As is typical in the first quarter of the year, most manufacturers experienced railcar shortages as import automakers made a final volume push for their fiscal year, which ended March 31. ARI experienced minimal shipping delays from February through April as a result, and order-to-delivery timelines were only slightly

impacted,” said McHugh of ARI.

For the past 10 years, the nationwide railcar shortage has been a factor for fleet delivery delays. Railroads are the primary long-distance transporter of automobiles.

“Rail companies are slowly making capital expenditures to increase the number of railcars. Every manufacturer wants to have their vehicles delivered as soon as possible and many have turned to using more transport carriers during plant peak times to lessen the burden on rail shipments,” said Mark Donahue, business analyst for Emkay.



**DONAHUE**

New factory-built vehicles are transported in specially designed, fully enclosed rail cars that have either two or three levels. Called bi-level and tri-level autoracks. These enclosed railcars protect autos from damage by falling or thrown rocks, bullets (trains are frequent targets for amateur marksmen), and other vandalism.

The enclosed autorack railcars also curtail auto parts theft and prevent transients from living inside the automobiles while in transit. During the economic downturn, many of these specialized railcars were removed from service as railroads right-sized railcar capacity to vehicle order volumes of the time.

The volume of rail-related issues was fewer than what was experienced in MY-2012.

“Although transportation issues always seem to be in the spotlight, particularly in the late winter and early spring, 2013 was an improvement over 2012. There were minimal delays across all OEMs,” said Kokos of PHH Arval.

However, the impact of rail issues did not affect all OEMs uniformly.

“We only had one manufacturer indicate there was a railcar shortage affecting deliveries. It wasn’t significant enough to impact customer deliveries widespread,” said Groth of GE Capital Fleet Services.

Emkay made a similar observation.

“Several manufacturers reported that except for some temporary delays due to Superstorm Sandy in the Northeast, there were no major rail-related delay issues this past year,” said Donahue of Emkay.

## TOP 10 MOST IMPROVED ORDER-TO-DELIVERY TIMES

VEHICLE MODELS	2013-MY OTD (DAYS)	2012-MY OTD (DAYS)	CHANGE (DAYS)
2013 Ford F-Series (F-150/F-250/F-350)	58	84	-26
2013 Toyota Tundra	70	96	-26
2013 Toyota Corolla	59	82	-23
2013 Subaru Outback	44	66	-22
2013 Jeep Compass	49	69	-20
2013 Ford Focus	68	87	-19
2013 Mercedes-Benz Sprinter	109	128	-19
2013 Subaru Legacy	50	67	-17
2013 Toyota Sequoia	101	117	-16
2013 Ford Explorer	64	79	-15

Recalls also tend to complicate and exacerbate railcar capacity issues.

“It is not uncommon to experience railcar shortages, but, when a major recall or material/quality hold is in effect, this can cause major delivery delays. Once repairs are completed, vehicles are placed back into the OEM’s traffic, which has caused a backlog. Compared to previous years, the delivery delays due to railcar shortages have been minimal,” said Gomez of Donlen.

Despite railcar constraints, vehicles were delivered with minimal disruption.

“All manufacturers are bidding with the same transporters, so it is not unusual to have railcar shortages at times. Rail companies are slowly making capital expenditures to increase the number of railcars,” said Donahue of Emkay. “Every manufacturer wants to have their vehicles delivered as soon as possible, and many have turned to using more transport carriers during plant peak times to lessen the burden on rail shipments. Several manufacturers reported that, except for some temporary delays due to Hurricane Sandy in the Northeast, there were no major rail-related delay issues this past model-year.”

An ongoing issue is the inability to obtain accurate vehicle estimated time of arrival (ETA) status while a vehicle is in transit on a railcar.

“LeasePlan USA was challenged with some rail-related issues in transporting models to market. The biggest challenge was obtaining accurate vehicle status; however, through communication efforts and weekly manufacturer meetings, we were able to guide our clients through this issue,” said Kelly of LeasePlan USA.

The rail companies have yet to add back many of the railcars that were decommis-

sioned during the economic downturn, so a general shortage continues across North America.

“Many of the OEMs have pursued alternative shipping options, such as ‘short sea’ methods and independent carriers to mitigate the railcar shortages and those efforts seem to be working. However, certain manufacturers continue to report periodic shipping delays due to railcar shortages. The delays mostly occur in relation to quality holds and rework, once the vehicles are cleared for shipment, the manufacturer has difficulty securing enough railcars to clear out the backlog at the plant,” said Freund.

## Upfitter-Related Issues that Impacted OTD

The most common problem during the 2013-MY was the increased volume of fleet vehicles going to upfitters, which often created capacity issues.

“With the increasing demand and growth of the commercial truck and van segments, particularly with utilities and service industries, the percentage of vehicles upfitted is also showing growth,” said Kokos of PHH Arval. “In many cases, this was the largest factor impacting delivery timeframes. Longer-than-projected lead times were a common issue in addition to part sourcing.”

A similar observation was made by Freund of Wheels.

“The upfitters are certainly feeling the pressure of increased demand that is difficult to meet due to supplier constraints. Huge influxes of vehicles in need of upfitting have left some of the installers overwhelmed at times, and in a few instances we have had to move trucks from one installer to another to help meet delivery expectations. In some instances, upfitted



units awaiting shipment have been held at the body upfitter due to limited space at the assembly plants,” said Freund.

Compounding the problems at the upfitters was the limited number of transportation haulers available to return upfitted vehicles to the OEM distribution system.

“All of the manufacturers experienced logjams at the upfitters. Limited numbers of transportation haulers, railcars, or truck carriers limited the number of vehicles that could be returned to the transportation hubs. All manufacturers monitor the volumes to best control the flow of large upfit ordering clients or during the heavy spring order cycles that challenge the logistics system. This year, upfitter logjams seemed to be less of an issue,” said Tangney of Emkay.

Another OTD problem resulted from parts shortages experienced by upfitters. This observation was voiced by GE Capital Fleet Services.

“Ship-thru vehicles, such as upfit and decals, had longer lead times as upfitters experienced delays with parts and graphics,” said Groth. “Certain models with ship-thru upfitting experienced parts challenges where their build time hinges on parts built abroad. The shipping time is continually monitored to better align part and vehicle arrival timing and keep cycle time in control.”

However, despite upfitter plant shutdowns, there was minimal disruption due to effective communication with the industry.

“We feel the planned three-week shutdown of the Leggett & Platt plant in July for inventory and scheduled maintenance was an event that had minimal impact because of the company’s thorough preparation,” said McHugh of ARI.

FMCs are using specific target production weeks to maintain a steady stream of vehicles to upfitters and avoid creating bottlenecks.

“On high-volume orders, Donlen works with the upfitters to determine the number of vehicles they can handle on a weekly basis. This allows us to request specific target production weeks (TPW) from the manufacturer when orders are submitted.

This planning avoids a surplus of vehicles arriving at the upfitter. However, in some situations, the upfitter has a backlog, and, in these cases, they are unable to meet our order-to-delivery expectation. We also experience issues when the manufacturer of a service body is unable to produce the body in a timely manner, which results in vehicles sitting at an upfitter until the parts have arrived,” said Gomez of Donlen. **AF**

