

## **STATEMENT OF SCOTT KUNSELMAN**

**July 2, 2015**

My name is Scott Kunselman. I am Senior Vice President for Vehicle Safety and Regulatory Compliance at FCA US LLC. I lead an organization with a mission of safeguarding our customers, a mission we embrace with passion.

I am pleased to be here today. I appreciate Administrator Rosekind's leadership in focusing on the need to develop improvements to the recall process. The Agency has raised some legitimate questions about the way FCA US has managed certain safety recalls. We acknowledge and understand those concerns. We have made and continue to make changes to improve the Company's performance. We are committed to an ongoing dialogue with the Agency to initiate and further refine these numerous actions.

First, I acknowledge that FCA US could have done better in carrying out the campaigns you have identified. Starting with my appointment last fall, I have dedicated myself and my team to strengthening our culture, to ensuring we focus on customer safety as a top priority and to establishing an environment of transparency with our customers and the Agency.

We have taken a very critical look at our historical recall performance and identified additional opportunities to improve. We have also re-examined our interactions with the Agency and have been exploring ways to work more closely

together. Our most recent effort to foster a more collaborative dialogue occurred last month when I and several other members of the senior management team of FCA US met with the Administrator and his top staff to review some of the actions we had recently implemented. I do not plan to go through the entire presentation at this time. Instead, I refer you to a copy of that presentation available on the Agency's website filed in the docket for this hearing.

Our clear goal is to develop and implement best practices and become an industry leader in safety and customer service.

You may be familiar with some of our actions to date, but I want to cite a few key examples because they help lay the foundation for positive change:

- In September 2014, FCA US fundamentally reorganized its safety and regulatory compliance functions. This move followed a benchmarking exercise and detailed review of the governance processes, data sources and analytical tools auto makers use to investigate vehicle issues.
- My position was created at that time. I report directly to Sergio Marchionne, our Chief Executive Officer. Prior to my appointment, the safety and regulatory compliance functions were under the auspices of our Product Development organization and led by a director three levels removed from the CEO.

- The establishment of safety and regulatory compliance as a stand-alone function not only ensures independent decision-making on recall determinations, it also enables more effective resource allocation and provides ready access to other critical functions, such as purchasing and MOPAR – our Company’s parts and service organization. Such coordination ensures that safety remains a paramount consideration in everything we do, and that each recall is executed with greater precision. Frankly, recall execution is where we have fallen short. Our renewed efforts are aimed at making certain we exceed the requirements of our customers and surpass the expectations of the Agency. Accordingly, in our presentation to the Agency in June, we outlined a number of actions focused around four categories --
  - improving campaign completion rates;
  - increasing overall recall remedy effectiveness;
  - timing and availability of parts; and
  - communicating transparently with our customers, dealers and the Agency.

A few examples of actions we have taken within these broader categories follow:

- We have broadened the expertise of our new safety and regulatory compliance organization by adding personnel such as campaign managers and campaign coordinators and additional product investigators. In addition, our supporting functions MOPAR and purchasing and supply chain have dedicated specific resources to recall execution.
- We created a new position, Director of Safety Compliance and Product Analysis, which reports directly to me with the responsibility of making certain each campaign is monitored through to completion. The Director has the authority to draw resources from purchasing, engineering, and MOPAR to promptly identify any potential issues and ensure that such issues are appropriately communicated internally and externally, including to the Agency.
- We have reformed our internal processes to procure parts for use in safety recalls. Primarily, we are working closely with our suppliers to shorten the amount of time it takes to design, validate, tool, and produce the required quantity of parts.
- We are improving our recall tracking system to more closely monitor key milestones and enable immediate escalation to management's attention.

- We continue to focus on improving the experience customers have when they respond to a safety recall notice. This extends to the implementation of new call-center protocols. Agents now check for open recalls on every inquiry they receive. When an open recall is identified, the agents offer to schedule service, expedite parts delivery and provide alternative transportation, as necessary.
- To combat recall fatigue, we have launched customer-appreciation programs for those owners whose vehicles were subject to multiple recalls.
- We have initiated a loaner-vehicle program to incentivize our dealers to maintain an onsite fleet of vehicles to benefit customers affected by recalls.
- We are ready to pilot a new Dealer Recall Network forum to collect and share best practices on recall administration at dealership level.
- We have implemented enhancements to our dealer website, expanded service marketing reminders, and increased our use of social media to engage with customers about safety recalls. We have also developed an app which launches this month and will alert customers about new or open recalls that affect their vehicles.
- We have developed a dealer training program called “Recall Ready” to emphasize the importance of completing safety recalls which we expect to launch this quarter.

- We have revised the process by which we validate service instructions by using representative dealership technicians.
- We are now actively tracking customer feedback after a recall is launched to ensure that we are responding rapidly to any issues related to campaign execution or remedy effectiveness.

Going forward, we are fully committed to implement additional improvements to our safety recall processes. We recognize that promoting and ensuring vehicle safety is a responsibility shared by auto makers, suppliers, governments and consumers. As an auto maker, we must continuously refine our ability to identify and remedy vehicle performance issues.

In conclusion, let me restate our commitment to better performance. We have learned from our mistakes and missteps, and we will continue to revise our processes to meet or exceed the best practices of our industry. Again, thank you for the opportunity to be with you today.