

KAIZEN RESULTS

Streamlined process aims to deliver licenses up to 184 days faster

IN BRIEF: The Ohio Bureau of Motor Vehicles issues licenses and permits to motor vehicle dealers and salespeople. Licensing protects consumers and Ohio's many legitimate dealerships – and now it's being made simpler, faster, and better for everyone.

STREAMLINING: The time to process a first-time dealer license is being reduced by as much as 83%, from 39-221 days to a projected 2-37 days. Renewal time is expected to fall from 2-185 days to 2-37 days.

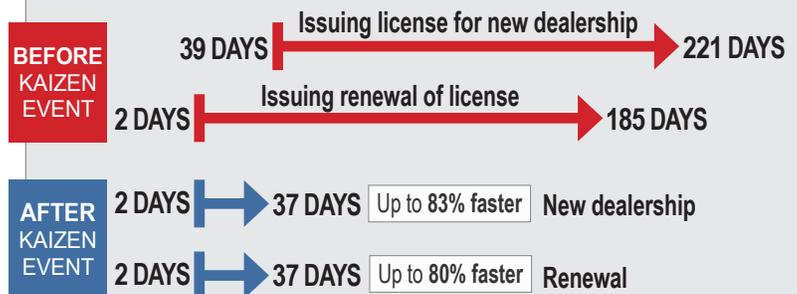
QUICKER PATH TO PROFITS: With an average of 184 days being cut from the process for new-dealer licensing, new dealerships will be able to start selling vehicles and generating revenue that much faster. For a large dealership, this translates into an estimated \$300,000 or more in profits that otherwise would have gone unearned.

SAVINGS THROUGH AUTOMATION: Annual savings of \$62,600 will result from reductions in postage, printing, paper, and phone calls.

WORKING SMARTER: The streamlined process requires 5,200 fewer labor hours per year, which means that staff time can be redirected to areas where it adds greater value.

DEALER LICENSING PROCESS

Start-to-finish process times **before** and **after** the Kaizen



The "before" ranges are from data analyzed in preparation for the Kaizen event. The "after" ranges were calculated by the team based on full implementation of the improvements.

DETAILS

Ohio issues licenses and permits to motor vehicle dealers and salespeople as a requirement for doing business. Managed by the Ohio Bureau of Motor Vehicles, the licensing process protects consumers – while also safeguarding the many legitimate dealerships from any unscrupulous operators who might try setting up shop without following the rules.

It's an important role for state government, and it's becoming much more efficient thanks to a week-long improvement project. The process for issuing first-time licenses is being radically streamlined, and dealers can expect much faster delivery of new licenses and renewals.

Once all the improvements are implemented, the first-time issuance process will be up to 83% faster than the old process – from receipt of application to the sending of the license or permit. New licenses will arrive in 2-37 days versus the previous range of 39-221 days. With license renewals, the process will be up to 80% faster.

The improvements affect many people. There are some 11,000 automobile dealers and 16,000 salespeople in Ohio. Licenses and permits need to be renewed every other year.

For new dealers especially, the speed of the licensing process directly affects the bottom line. Startup dealerships can't begin selling until they're issued a license – so they're racking up expenses



Team members: Front row: Carol Schubert (ODOT), Kelly Portis-Brandon, Steven Pontius, Todd Ballinger, Terry Maffitt. Back row: Michelle Primm (Dealer & GSADA & OADA Rep), Melony Simpson, Takisha Johnson, Joe Cannon (OADA Rep), Donna Howard, Jerri Fowlkes, Betty Kraft, Kathleen Corrigan (Chief of Dealer Section and Team Leader), Sarah Stedtefeld, Wanda Mullins, Laura Logan, Kimberly Baker, Patrick Wilson, Sheree Weaver, Ted Wendling, Stacy Capehart, Tyanna Collins, Brandi Crowley, Shiloh Johnson, Jennifer Shaw. Not pictured: Zach Ludle (OIADA Rep & Dealer Participant).

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THE PROCESS BEFORE THE KAIZEN EVENT



This particular Kaizen event had 26 people as team members – more than usual, but necessary given the complexity of the process and the involvement of dealership customers. As the Kaizen unfolded, subgroups were crucial. At left, six team members gather in a separate meeting room for a focused conversation.



AFTER THE KAIZEN EVENT

without being able to generate revenue. For a large dealership, expenses over the course of three months can hover around \$10,000 for rent, utilities, and insurance. When you add in staff costs for three people, at about \$3,000 per month per employee, the three-month outlay climbs to \$37,000.

But the biggest factor is the unearned profit during the three-month wait for a license. Estimates put this at \$150,000 for a large dealership. That's \$1,667 per day that is *not* being earned due to the delay.

The improvements turn this negative into a big positive. The streamlined process (from when a new-dealer application is received by BMV to when the license is sent to the dealership) will move 184 days faster on average than before. So dealers will be able to start selling and generating revenue that much faster. Given the financial factor of \$1,667 per day, the positive impact for a large new dealership could exceed \$300,000 over this 184-day stretch. For a small dealership, the equivalent impact is estimated at \$60,000.

The team that analyzed the process and developed the changes was made up of BMV staff as well as representatives from three industry groups: the Ohio Auto Dealer's Association, the Greater Cleveland Auto Dealer's Association, and the Ohio Independent Auto Dealer's Association. There were 26 team members in all, covering all aspects of the process, including the customer perspective.

Among the changes are major revisions to the forms that are filled out and submitted by motor vehicle dealers. All too often, sections of the various forms had been unclear and confusing, or they were asking for information that is no longer needed. As a result, many incoming submissions didn't contain all the necessary information – so staff were having to go back and contact dealers for clarification. The new forms, when fully in place, will

be much easier to follow and fill in. This will ensure that submissions arrive with all fields correctly completed, which eliminates the need for backtracking and rework.

Also, upgrades are being developed so dealers can apply for and renew licenses more easily online. For new dealers, licenses will be issued on a conditional basis pending a post-licensure inspection, allowing startups to generate revenue as quickly as possible. Inspection forms are being updated and simplified as well.

All of these measures are speeding up the process while preventing data-entry errors and ensuring consumer safeguards. Automation is reducing the need for postage, printing, paper, phone calls, and more – adding up to projected savings of \$62,600 per year. And the simplified process requires 5,200 fewer labor hours annually, which means that staff time can be redirected to where it adds value and directly benefits customers.

Another improvement has to do with BMV's interface with the Bureau of Criminal Investigation (BCI). Historically, there has been a processing delay to check dealer-license applications against the BCI database. This can be time-consuming as it involves phone calls, hard-copy print-outs, and/or mailings between BMV and BCI. Now, IT changes are being made to automate this step, so that the results of BCI background checks are sent to the BMV quickly and accurately by computer.

In addition, a special service is being created to provide direct support and guidance to dealer representatives who want in-person help submitting initial motor vehicle dealership applications. When fully in place, this will be located at the Public Safety headquarters in Columbus.

A training and information campaign has been planned as well – to include meetings with impacted customers, training on the improved forms, and expanded use of social media. ●