

DON CHALMERS



Real Value...Real People...Real Simple.



2016 Malcolm Baldrige National Quality Award Application



2500 Rio Rancho Blvd. SE, Rio Rancho, NM 87124, USA

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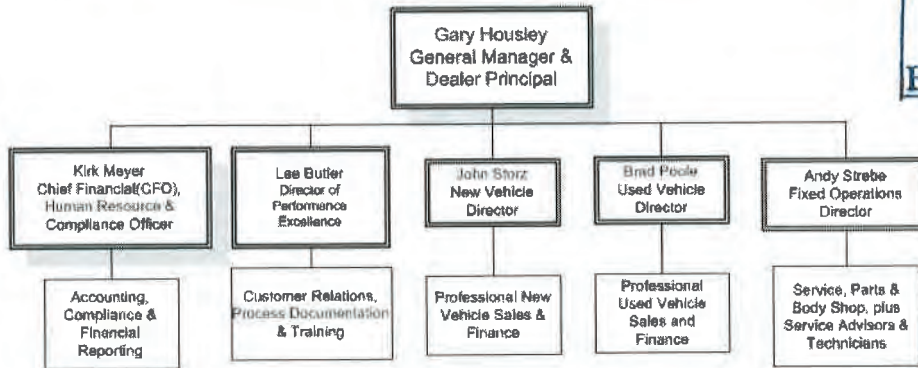
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ORGANIZATION CHART

**Don Chalmers Ford
Senior Leadership Team (SLT)**

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GLOSSARY OF TERMS AND ABBREVIATIONS

<i>Abbreviation</i>	<i>Description</i>
20 Group (20BMark)	Nichols, Campbell & Morrow (third-party) - Group of 20 benchmarking elite national Ford division dealers in AZ, CA, CO, FL, KY, MA, MO, MS, NM, NV, PA, TX, VA & WI
ABQ	Albuquerque, New Mexico: Borders Rio Rancho, DCF's location
ADA	Americans with Disabilities Act
AFIP	Association of Finance and Insurance Professionals
AG	New Mexico Attorney General
Andy	Fixed Operations Director (Andy Strebe)
AOS	Available On Site (Due to space limitations in the applications)
App	Don Chalmers Ford smart phone application for iPhone and Android
AtlantiCare	2009 Malcolm Baldrige Quality Award Winner, Healthcare
AES	Allstate Experience Score (Customer Satisfaction Rating)
AXZD Plan	Ford Motor Company partner, employee, and family discount programs
BBB	Better Business Bureau
Baldrige Systems	Critical Systems aligned to the Baldrige Criteria: Leadership, Communication, Governance, Legal & Regulatory Compliance, Community Support, Strategy Development, Strategy Deployment, Customer Listening & Response, Customer Engagement & Satisfaction Determination, Product Offering Determination, Customer Support, Customer Relationship Building, Complaint Management, Performance Measurement Selection & Alignment, Comparative Data Selection & Use, Performance Analysis, Organizational Knowledge and Learning, Data Information Quality and Technology, Workforce Capability & Capacity, Recruiting & Hiring new workforce members, Workforce Environment, Workforce Benefits, Workforce Engagement, Workforce Engagement and Satisfaction Determination, Workforce Performance Management, Workforce & Leader Development, Work Product and Process, Work Process Management, Work Process (Performance) Improvement, Innovation Management, Supply-Chain Management, & Safety and Emergency Preparedness.
Bird Dogs	\$100 bonus to previous customers for referring friends
BDTWF	Best Dealerships to Work For
Brad	Used Vehicle Director (Brad Poole)
BPR	Business Plan Review: Planning tool for key success drivers to track progress to the Annual Plan: Safety, Volume, Gross, Productivity, Customer Experience, Continuous Learning, Workforce Satisfaction/Engagement, Community Project, and Process Improvement
BR	Body Repair Market Segment
Body Shop	Body Shop Department
C	Customer
CC	Core Competency (Servant Leadership, Family Values & Integrity & Ethics)
Career Builders	Program to help new employees who have no Car Business Experience get started in the business
CCS	Complete Customer Satisfaction: One of DCF's key strategic advantages
CEI	Customer Experience Index (FMC's VOC)
CEM	Consumer Experience Movement (FMC's Program to increase employee engagement) and NPS for employee engagement survey administered by FMC
CFO	Chief Financial Officer (Kirk Meyer - SLT member)
CFPB	Consumer Finance Protection Bureau
CI	Continuous Improvement
CNP	Certified Nurse Practitioner (Nurse Rhonda)
CO	Community: One of DCF's Stakeholders (RP)
CoC	Customers of Competitors
CP	Community Partnerships: One of DCF's key strategic advantages
CRM	Customer Relations Manager (Lee Butler - SLT)

<i>Abbreviation</i>	<i>Description</i>
CVP	Customer Viewpoint Survey – Ford Motor Company’s customer satisfaction survey process for the NVS and M&R market segments to determine the CEI
CVP Group	Customer Viewpoint Group (Ford division dealers of like size in our Region)
DCF	Don Chalmers Ford
DCF Experience	Real People (Stakeholders), Real Simple (Processes), Real Value (Outcomes),
DCIS	Don Chalmers Insurance Services (Allstate Agency inside the dealership)
Dealerrater.com	Review website for consumers’ testimonies of their experience, both positive and negative
DMS	Dealer Management System (Integrated system from REYREY)
DOC	Daily Operating Control (Report from REYREY)
DOT	Department of Transportation
DPE	Director of Performance Excellence (Lee Butler - SLT)
EEO	Equal Employment Opportunity
Effortless Service	Training based upon the book by Book by Matthew Dixon, Nick Toman, and Rick DeLisi, used by the Fixed Operations Director to improve M&R customer satisfaction
EMR	Experience Modification Rating for safety
EPA	Environmental Protection Agency
The EPIC Advantage	Servant leadership and team building consultant
F&I	Finance and Insurance: Step in the sales process where the sale is finalized
FD1	Ford Dealer 1 (Local competitor)
FD2	Ford Dealer 2 (Local competitor)
FDIC	Federal Deposit Insurance Corporation
FRFT	Fix It Right the First Time
FMC	Ford Motor Company: One of DCF’s stakeholders (Real People), key partner & supplier
FMCC	Ford Motor Credit Company: Subsidiary of FMC that provides financing for customers
FMLA	Family Medical Leave Act
FOB	Device used to unlock the building after hours to provide security
FORD	Continuous Improvement Process: Find, Organize, Review, Document
FSA	Field Service Actions (Notice from Ford Motor Company on vehicle repair - includes recalls)
Gary	General Manager & President (Gary Housley)
GM	General Manager (Gary Housley - SLT)
Graham	DCF’s Advertising partner
HR	Human Resources
HRD	Human Resources Director
HRM	UCS module to manage Human Resource processes
I&E	Integrity and Ethics
IRS	Internal Revenue Service
John	New Vehicle Director (John Storz)
Kirk	Chief Financial Officer (Kirk Meyer)
KSD	Key Success Drivers
KPA	Environmental, Regulatory and Safety Company
Lee	Director of Performance Excellence (Lee Butler)
LS	Leadership System (Figure 1.0-1)
M&R	Automotive Maintenance and Repair market segment: Includes Service, Parts, and Quick Lanes
MBNQA	Malcolm Baldrige National Quality Award
MBWA	Management by Walk Around
Midway USA	2009 and 2015 Malcolm Baldrige Quality Award Winner, Small Business
SDS Sheets	Safety Data Sheets
Service Group	Sales consultant training consultant from Austin Texas
MVV	Mission Vision Values
NADA 24	National Automobile Dealers Association follow up system for the Body Repair market segment

<i>Abbreviation</i>	<i>Description</i>
Next Level	Service drive training consultant
NCCI	National Council on Compensation Insurance
NCM	Nichols, Campbell & Morrow (benchmarking company)
NEO	New Employee Orientation
NPS	Net Promoter Score: Calculates the top box percentage minus the bottom 2 score percentages on the recommend score form the Customer Viewpoint survey
NVD	New Vehicle Director (John Storz-SLT)
NVS	New Vehicle Sales market segment
OFAC	Office of Foreign Asset Control
OFI	Opportunity for Improvement: from the Baldrige feedback report
OEM	Original Equipment Manufacturers
OSHA	Occupational Safety & Health Administration
PDI	Pre-delivery Inspection
PMA	Primary Market Area
PPL	Park Place Lexus - 2005 Malcolm Baldrige Quality Award Winner, Small Business
PRO-TEC	2007 Malcolm Baldrige Quality Award Winner, Small Business
PSD	Director (Andy Strebe - SLT)
QL	Quick Lane Tire & Auto Center (DCF's quick maintenance center)
QNM	Quality New Mexico: State program using the Baldrige criteria
Quick Touch	Ford Motor Company 3rd Party follow up services for New Vehicle Sales and Maintenance and Repair customers
Region	DCF is in the Phoenix Region is comprised of 19 dealers of similar size dealership, in Phoenix and Tucson Arizona, Las Vegas, Nevada, and Albuquerque, New Mexico.
RO	Repair Order
ROI	Return on Investment
RP	Real People
RR	Rio Rancho, New Mexico: Suburb of Albuquerque and Don Chalmers Ford's location
RRHS	Rio Rancho High School
RS	Real Simple
RV	Real Value
RYG	Red, Yellow, Green "Stoplight" Assessment
S	Shareholders - One of Don Chalmers Ford's key stakeholders (Real People)
SLT	Senior Leadership Team (GM/President: Gary Housley, CFO: Kirk Meyer, Fixed Operations Director: Andy Strebe, NVD: John Storz, UVD: Brad Poole, DPE: Lee Butler)
SA	Systems Administrator
SC	Strategic Challenge
SAAR	Seasonally Adjusted Annual Rate: Projected new vehicles to be sold in a calendar year of all makes and models in the United States
Seven Critical Elements	Money & Facilities, Data, People, Critical Skills, Equipment, Supply Chain
SMART	Specific Measurable Attainable Realistic Timely: Method to set goals
SPC	Sales Prospect Control System: Proprietary system to track sales process
SPP	Strategic Planning Process
SQP	Systematic Quality Processes: One of Don Chalmers Ford's Strategic Advantages
SYNC Concierge	Employee who assists customer with their SYNC system to ensure maximum use of all features
SUT Process	Service Upsell Tracking: Measure to assess Service Advisor productivity in providing customers all the items their vehicle needs to run efficiently
TBB	Tires Brake and Batteries (Term used for vehicle commodities)
TSB	Technical Service Bulletin
UIOs	Units in operation: Number of vehicles available for service
UVD	Used Vehicle Director (Brad Poole - SLT)

<i>Abbreviation</i>	<i>Description</i>
UVS	Used Vehicle Sales market segment
vAuto	Product for managing used vehicle inventory to increase productivity
VIN	Vehicle Identification Number: Every vehicle's unique identification number
VOC	Voice of the Customer
WIN	What's Important Now
WF	Workforce: All employees – One of DCF's key stakeholders (Real People)
YELP	Social networking tool to engage stakeholders
YTD	Year-to-Date
Zurich	Liability Insurance Provider

P: ORGANIZATIONAL PROFILE

P.1 Organizational Description

A comment on Yelp from a used vehicle owner exemplifies the Don Chalmers Ford Experience: “I just bought a car through them. Best experience I’ve ever had with a dealership in the dozen cars I’ve bought. Very forthright, fair, friendly, helpful, responsive, and transparent. Highly recommend.”

Twenty years ago, Don Chalmers drove to New Mexico with a vision of a small, impactful company, delivering stakeholder-focused quality service. With a clean sheet of paper, he developed **The Don Chalmers Ford (DCF) Experience**: “*Real Value (RV-outcomes)*, *Real People (RP-key stakeholders)*, *Real Simple (RS-processes)*.” He hired staff with no traditional car-business bad habits. Personal attention and Don’s faith-based values are the nucleus of the dealership’s culture. Don passed away at age 67 on Easter 2014. He left the framework for a seamless succession plan in the people, values, systems, and processes which were his passion. His legacy proves the organization is process reliant and not person dependent through deployment of the Organizational Excellence System (OES, Figure 6.0-1).

DCF is now led by Gary Housley, the President and General Manager, who was mentored and coached by Don for 27 years. Don chose Gary to succeed him because of his high integrity and passion to do what’s right for customers and employees through consistent process execution.

DCF is not the typical “profit only”, make the most money for whose name is on the building automobile dealership. Built on the core competencies (determined by our core competency determination process, AOS) of Servant Leadership, Family Values and Integrity and Ethics, a successful organizational culture has been created. The culture is focused on engaging and valuing customers through an innovative sales and service experience while supporting our community.

Throughout this application, the symbols **RV**, **RP**, and **RS** will bring **The DCF Experience** to life.

DCF is an independent business franchised to represent Ford Motor Company (FMC) in vehicle sales and service. FMC is both the supplier of new vehicles and a strategic partner, responsible to DCF to produce and sell FMC products for the

dealership. Each party seeks to achieve the mutual objectives of outstanding customer value in sales, service, and ownership profitability by developing and sustaining a diverse base of loyal product owners.

One third the size of the Baldrige criteria’s classification of a small business, DCF has a big company vision and highly personalized approach. With a larger-than-life statewide reputation, people are surprised at this small dealership’s 2015 \$126 million in sales and resulting impact on New Mexico’s economy.

P.1a Organizational Environment

P.1a(1) Product Offerings Figure P.1-1 shows DCF’s main products and services are centered around the sales and service of new Ford division vehicles and all makes and models of used vehicles.

Segment	Main Products & Service Offerings	Delivery Mechanisms	Relative Importance to Success (% sales)
Automotive Sales (NVS & UVS)	<ul style="list-style-type: none"> • New: FMC division vehicles • Used: All makes & models • Auto & Home Insurance (DCIS) 	Face-to-face at main location & 2 outlet locations	53%
Automotive Maintenance & Repair Service (M&R)	<ul style="list-style-type: none"> • Warranty repair & parts on Ford division vehicles • Maintenance, repair & parts on all makes & models 	Face-to-face at main location & 2 Quick Lane Centers	42%
Body Repair (BR)	Vehicle collision repair & parts of all makes & models	Face-to-face at main location Body Shop	5%

Figure P.1-1 Main Products & Services

P.1a(2) Mission, Vision, and Values Warming up the engine, Figure P.1-2 illustrates **The DCF Experience** integrating and aligning the mission, vision, core values, core competencies, and as felt by customers. 100% deployed to the entire workforce in New Employee Orientation, the Employee Handbook (a hard copy) and refreshed in annual training.

In providing forward-thinking initiatives and consistent high quality products and services to the customer through an innovative delivery process, DCF focuses on **Real Value**

OUR VISION: To be the Premier Ford Dealership in New Mexico

OUR MISSION: Growth Through Customer Loyalty

OUR CORE COMPETENCIES: Servant Leadership, Family Values, Integrity & Ethics

The Don Chalmers Ford (DCF) Experience			THE DCF EXPERIENCE <i>As Felt By Customers</i>
Real People (Stakeholders)	Real Simple (Processes)	Real Value (Outcomes)	
Workforce Customers Community Ford Shareholders	OUR CORE VALUES: Transparency Hire the Right People Teamwork Process Driven Work Continuous Improvement Continuous Learning Innovation Implementation Safe & Secure Workplace	Outstanding Employee Satisfaction & Engagement Outstanding Customer Loyalty High Productivity Community Partnering Sustainability	No One Hovering in Parking Lot Art Gallery Atmosphere Friendly Greeter Welcome Pricing Transparency Integrity Trusting Relationships Do the Right Thing

Figure P.1-2 The Don Chalmers Ford (DCF) Experience



outcomes, generating high customer and workforce satisfaction and engagement that generate profits to thrive. Customers deserve delivery of a superior quality product or service for a major purchase like a vehicle. A vehicle purchase can be the second largest investment, behind their home, that a customer spends their discretionary funds on. DCF builds value into **The DCF Experience** so buying or servicing a vehicle at DCF adds **Real Value** to the customer’s investment. Focusing on family values, DCF is closed on Sunday, typically a key car sales day for DCF’s competitors, to provide **Real Value** for employees who can integrate family life with their careers.

P.1a(3) Workforce Profile DCF engages a workforce of 182 employees which has grown back to pre-2008 recession level. The workforce profile is in Figure P.1-3 with the number by group, special health and safety requirements, and the key drivers that engage the employees in achieving the Mission and Vision. Educational requirements are certification levels for Sales and Service employees. Career opportunities are open to anyone, no matter their education level. DCF recruits and hires based on employees that align with the dealerships’ values.

Special health and safety requirements: DCF has all standard automobile industry required measures and personal protection equipment. KPA, a third party consultant,

Employee Groups	#	Special Health & Safety Requirements	Key Drivers Which Engage Them In Accomplishing Mission & Vision
Admin / Other	43	Personal Protective Equipment (PPE) in Shop areas	CEM & President’s Award Bonuses, the Driving Forward Report, “How I Connect” to The DCF Experience sheet & Socialcast (Applies to all groups)
Sales	42	PPE in Shop areas	Bonus sheet (Productivity & VOC)
Service Technicians	41	PPE in Shop work areas	Productivity, training & quality bonuses
Body Shop Technicians	11	PPE in Shop areas; painters’ ventilators & respirators	Productivity & VOC bonuses
Parts	5	PPE in Shop areas	Productivity & VOC bonuses
Service Advisors	12	PPE in Shop areas	Productivity & VOC bonuses
Managers	28	PPE in Shop areas	Productivity & VOC bonuses
Total Workforce - 182			

Figure P.1-3 Workforce Profile

provides training on safety and hazardous material handling and coordinates actions with the DCF safety committee to ensure closure of any open items. All open issues and current compliance scores are integrated on the mykpaonline.com website.

In line with benefits usually found in organizations such as Google, American Express, and NBCUniversal, DCF added an on-site Wellness Clinic in 2004 with a dedicated Certified Nurse Practitioner (Nurse Rhonda) to support health and wellness of the workforce and their families. For both health and safety, DCF requires a smoke-free building with smoking

only in outside, designated areas. DCF goes beyond providing healthcare to also promoting wellness by offering incentives for the workforce to stop smoking (\$1,000) and a weight loss program. DCF has no organized bargaining units.

P.1a(4) Assets DCF has six major facilities to serve customers: New Vehicle Sales (NVS), Used Vehicle Sales (UVS), Automotive Maintenance and Repair (M&R), Body Repair (BR), Administration (includes Wellness) (Figure P.1-4).

Major technologies vary by department: standard operating items like security systems, iPads, wireless networking, internet

Facility Locations	Proximity (Time) to Main Location	Segment Served/ Service(s) Provided					Equipment
		NVS	UVS	M&R	BR	Admin/ Wellness	
Main Location	N/A	X	X	X	X		Vehicle lift racks; tire mounting, alignment & laser frame check machines; diagnostic; paint booths; desktop & laptop PCs; iPads; main server; phone system
Quick Lane Rio Rancho	1 minute			X			Vehicle lift racks; tire mounting & alignment machines
Admin Office	2 minutes					X	Desktop PCs, scanners, medical
Rio Rancho Outlet	5 minutes	X	X				Desktop PCs; iPads
Coors Outlet	15 minutes		X				Desktop PCs; iPads
Quick Lane Coors	15 minutes			X			Same as Main Location

Figure P.1-4 Facilities & Equipment

sales systems, service reservation and dispatch, handheld diagnosis tools and parts inventory systems. DCF constantly looks for innovative technology that will give it a competitive edge, makes the customer experience effortless and has equipment that is unique including (**GREEN**= unique to DCF):

- **Clear Mechanic technician documentation and training tool**
- **Sales prospect control system**
- **Biometric access for customer privacy/ID protection**
- **Laser frame check for UVS**
- **inProcess, an on-line web-based process development and deployment program**
- Integrated dealer management software system (DMS), tailored for DCF by Reynolds & Reynolds (REYREY) and used in every department and location
- Integrated operating system with proprietary databases tailored to DCF’s unique approach to engaging customers and a Customer Relationship Management (CRM) system
- Alignment check machine in the service lane
- Socialcast, an internal social media communication tool
- RealDeal and Kelly Blue Book Instant Offer, technology for providing customer transparency on their car deal
- iPad Showcase for transparency to customers

P.1a(5) Regulatory Requirements DCF proactively complies with regulatory requirements promulgated by federal, state, and local authorities and uses publications, seminars, and internal meetings to educate its workforce. Key areas are: truth in lending/leasing, county clean air standards, OSHA regulations (including hazardous materials/waste management), OFAC, vehicle emissions inspection, Customer Privacy Act, identity theft (Safeguarding Consumer Information), Workmen’s Compensation, and Vehicle Identification Number (VIN) inspections. DCF has had no regulatory sanctions or fines.

P.1b Organizational Relationships

P.1b(1) Organizational Structure DCF is a privately owned small business. Gary Housley, President and General Manager, leads the Senior Leadership Team (SLT), comprised of six members (see Organization Chart). All employees in the dealership report through the SLT.

The SLT provides a governance system: an umbrella over the entire organization, centered around translating the core values into everyday non-negotiable business behaviors of the workforce.

The values are 100% deployed to stakeholders through the workforce website, face-to-face, training, Compli (HR compliance system), Socialcast (internal social media), and the work processes. The governance system (Figure 1.2-1) provides checks and balances to assess organizational governance and make adjustments as necessary.

P.1b(2) Customers and Stakeholders DCF’s key market segments are: NVS, UVS, M&R, and BR. Figure P.1-5 summarizes DCF’s key customer and stakeholder groups, their requirements and expectations, and the integration of expectations to Category 7 results.

P.1b(3) Suppliers and Partners DCF has one key supplier, FMC, which includes Ford Motor Credit (FMCC). FMC provides new vehicles, parts, training, and financing. We use aftermarket parts suppliers for non-Ford parts.

Two-way communication and engagement between DCF and FMC is achieved mainly through electronic technology,

phone calls, and face-to-face meetings. An effective relationship exists with FMC representatives who visit at least monthly to communicate news and schedule production, providing an opportunity for two-way communication. As a franchise, FMC is also DCF’s major partner. Their products and services provide new vehicle sales inventory and Original Equipment Manufacturer (OEM) parts that support the sales and service key work processes and system innovation. Ford innovation and their commitment to quality, using the latest technology, aligns to DCF’s objectives to increase market share and competitiveness. Examples of other partners are AXCESS Financial (competitive benefits), Graham Oleson Advertising, Mayo Clinic Health Solutions (healthcare benefits), Quality New Mexico (quality journey resource), and Meals on Wheels (non-profit partner). Local partners contribute and implement innovations by attending DCF’s monthly leadership training (Figure 7.3-18) and providing input that drives meaningful change, just like DCF’s workforce does. The key supply-chain requirements are: responsiveness and timely delivery of quality products and services.

Market Segment	Key Requirements & Expectations (In priority order)	Real Value			Real People	Real Simple
		Requirements Results	Satisfaction/Dissatisfaction Results	Engagement Results		
Customer Market Segments						
NVS	1. Provide a professional salesperson experience	7.1-1 & 7.1-2	7.2-5 7.2-6	7.2-15 - 7.2-18	X	X
	2. Provide a professional finance experience	7.1-3			X	X
	3. Provide a perfect delivery experience	7.1-4			X	
	4. Follow through on any commitments made	7.1-5			X	
UVS	1. Provide a trustworthy experience	7.1-6	7.2-7 & 7.2-8	7.2-19	X	X
	2. Provide a knowledgeable salesperson	7.1-6			X	X
	3. Provide a salesperson who listens to my needs	7.1-6			X	X
M&R	1. Provide a professional service advisor	7.1-7 & 7.1-8	7.2-10, 7.2-11 & 7.2-12	7.2-20 - 7.2-22	X	X
	2. Provide quality work/Fix it right the first time	7.1-9			X	X
	3. Provide an efficient vehicle pick up process	7.1-12			X	X
	4. Follow through on any commitments made	7.1-10			X	X
BR	1. Complete repair per the promise date	7.1-13	7.2-13	7.2-23	X	X
	2. Keep me informed	7.1-13			X	X
Other Key Stakeholders						
Workforce	1. I want my work to be valued	7.3-15	7.3-11, 7.3-12 & 7.3-14	7.3-10, 7.3-12 & 7.3-13	X	X
	2. I want managers to be honest & fair in their treatment of employees				X	X
	3. I want employees to treat each other with respect.				X	X
Community	1. Provide funding for my non-profit programs/services	7.4-6 - 7.4-10			X	
	2. Provide employee volunteers for my non-profit boards				X	
FMC	1. Provide competent, trained personnel	7.3-1 - 7.3-3			X	X
	2. Meet DCF’s sales expectations for Ford vehicle sales	7.5-7			X	X
	3. Provide a great customer experience	7.2-1, 7.2-14, 7.2-18 & 7.2-22			X	X
Share-holders	1. All other stakeholders are satisfied	All Above			X	
	2. Gross Profit	7.5-1, 7.5-3 & 7.5-4				X

Figure P.1-5 Key Customer & Stakeholder Segment Requirements, Expectations, Results & Relation to The DCF Experience



P.2 Organizational Situation

P.2a Competitive Environment

P.2a(1) Competitive Position Our competitive environment for new vehicle sales is the FMC market primarily in Albuquerque and Rio Rancho, New Mexico. Figure 2.2-3 illustrates the short- and longer-term projections from the Strategic Plan and linkages to results.

Two significant indicators of DCF’s competitive position relative to the market are: Percentage of retail market share for DCF’s locality (Westside of Albuquerque) for all makes and models and the percentage of Albuquerque metro FMC division vehicle sales.

DCF ranks first in our locality with 15.4% of the market, Chrysler and Toyota are next with 13.5% and 11.9% respectively (Figure 7.5-7). There are two competitors in the Albuquerque metro area for FMC. DCF ranks second with 27.4% market share for new vehicle sales (Figure 7.5-6). DCF is the youngest FMC dealership in the Albuquerque metro area (in business 20 years). The NVS market share leader (in business more than 50 years) has a second store, but is in the bottom 20th percentile for customer satisfaction. DCF has won Ford’s most prestigious award (President’s Award) 13 times in the last 17 years (Figure 7.4-11) as a result of the systematic focus on **The DCF Experience**. For UVS, DCF also ranks second among the three Ford dealers with 35.5% market share. For M&R, DCF ranks first in the market with a 32% share (Figure 7.5-6). BR data is not available.

P.2a(2) Competitiveness Changes The changes taking place in the market segments that affect competitiveness and strategic opportunities for innovation and collaboration for the NVS and UVS market segments are: 1) new ownership of Ford Dealer 2 (FD2); 2) government financing regulation changes; 3) disposable income downturn; and 4) technology changing buying habits. Changes in the M&R market segment are: 1) Ford Dealer 1 (FD1) increasing service market share; 2) technician talent pool is limited; and 3) owners are retaining their vehicles longer. The BR market change is insurance companies are using fewer body shops.

P.2a(3) Comparative Data The key sources of comparative and competitive data within the industry are in Figure P.2-1.

DCF is a member of the most elite group of Ford benchmarking dealers (20 Group) in the nation. Of all 20 Groups in the nation, this was the first one established and, with respect to Net Profit, is in the top 90th percentile of all Ford 20 Groups. Ours has members who are on the most prestigious boards in the industry: NADA, Ford National Dealer Council, Ford Product Committee, FMCC Dealer Advisory Board, Ford Marketing committee, and Ford Government Relations

The NCM Associates (20 Group) peer collaboration process is a composite of FMC’s top 20 dealerships nationwide: the premier dealerships of which DCF is a member. The report is approximately 60 legal pages of small font data. DCF has added several pages of the company’s data, beyond what 20 Group measures, giving DCF a monthly insight to performance well beyond other small businesses and on par with very large organizations.

Comparative or Competitive Data Source	Key Success Driver Used for:	Determines Comparisons for:
From Within the Industry		
FMC	<ul style="list-style-type: none"> President’s Award standings Customer Experience Index for Sales & Service (VOC) Finance comparisons Employee satisfaction & engagement Sales & Service owner loyalty 	<ul style="list-style-type: none"> President’s Award (Top Quartile) Customer satisfaction/engagement (VOC) among Ford peers Market share & profitability against industry benchmarks Net Engagement Score (NES) Customer loyalty
NCM Associates (20 Group)	Volume, gross, productivity & VOC by segment	Peer benchmark (Top Quartile) group by segment against FMC’s premier dealers
Park Place Lexus (PPL) (MBNQA Winner)	<ul style="list-style-type: none"> Workforce retention % Used vehicle satisfaction Continuous learning 	<ul style="list-style-type: none"> Workforce retention by segment Used vehicle customer satisfaction Training hours per employee
State Farm	Body Shop customer engagement & satisfaction	Customer engagement & satisfaction ratings from insurance companies
Automotive News	Employee satisfaction & benefits	Best Dealerships to Work For, Top 100, & Rank in the United States
From Outside the Industry		
United Way	% contribution & average dollar pledged	Auto Dealership Contributions to United Way in the US
AtlantiCare (MBNQA 2009)	Workforce engagement & satisfaction	Processes for employee engagement tools
Midway USA (MBNQA 2009 & 2015)	Workforce engagement & satisfaction	Workforce climate, retention & training hours per employee

Figure P.2-1 *Competitive & Comparative Data Sources, Measures & Uses*

Board. The 20 Group selects and computes the statistics for comparisons based on discussions and input with the dealers in the group and industry standards.

Since dealerships are privately owned, there are limitations in obtaining data. Park Place Lexus (PPL), 2005 Malcolm Baldrige National Quality Award (MBNQA) winner, provides comparisons, but their products and services vary from DCF’s so it is difficult to compare new vehicle customer satisfaction levels outside the industry. PPL’s scores are not calculated the way FMC calculates the Customer Experience Index (NPS). DCF and PPL also share processes. DCF recently shared with PPL their core competency determination process and PPL shared their vacation/paid time off policy with DCF. See Category 7 introduction for clarification on score calculations.

P.2b Strategic Context

DCF’s key business, operations, societal responsibilities and workforce strategic challenges and advantages are in Figure P.2-2, and integrated into short- and long-term goals and action plans in Figures 2.1-2, 2.2-1, and 2.2-2. DCF’s key strategic advantages are aligned to the strategic challenges: Complete Customer Satisfaction (CCS), Systematic Quality Processes (SQP), Community Partnerships (CP) and Employee Engagement (EE).

P.2c Performance Improvement System

A systematic organizational focus is DCF’s approach to performance improvement, accomplished by using FORD: **Find** opportunities for improvement from analysis in performance reviews and the back page of the Driving Forward report (Figure 4.1-3), **Organize** an improvement plan and implement potential solutions, **Review** the results, and **Document** the



Strategic Challenge (External Influence)	Key Success Driver	Strategic Advantages				Strategic Objective	Continued in 2.1-2
		CCS	SQP	CP	EE		
Business/Operations							
Delivering DCF's message to current & potential consumers (<i>Personal buying habits & preferences to select how & where they will spend their money</i>)	Volume, gross, productivity & NVS/UVS market (mkt) share	X	X	X		1. Message delivery approach for advertising 2. Digital changes in delivery	
Economic & government conditions have impacted disposable income (<i>Fuel Prices, model mix changes, increased tax burden, & CFPB regulations</i>)		X	X	X	X	3. Continue product knowledge training focus	
New/used vehicle growth to achieve mkt share goals (<i>Ford constraints on new vehicle ordering, increasing demand for used vehicles & model mix changes</i>)		X	X		X	4. Increase Sales capability & capacity by hiring & training more staff	
Maintaining growth & increasing capacity due to the demand in services (<i>Technician talent pool is low</i>)	Volume, gross, productivity & M&R mkt share	X	X	X	X	5. Increase Tech capacity at all locations 6. Balance Service Advisor productivity	
Achieving 100% service absorption by 2017 (<i>Current economic conditions & model mix changes</i>)	Volume, gross & service absorption	X	X	X	X	7. Increase efficiency with new DMS in 2016	
Maintaining compliance to changing government regulations (<i>Increased regulation in all aspects of the business/CFPB</i>)	All		X	X	X	8. Exceed FMC product & skills certification 9. Compliance processes in place with audits	
Customer engagement, advocacy & service expectations are increasing (<i>Customer satisfaction doesn't drive customer loyalty, make it effortless</i>)	VOC	X	X	X	X	10. Continue effortless customer service training	
Process discipline & improvement (<i>Critical Baldrige Systems driving DCF approaches</i>)	Process improvement	X	X		X	11. 3-year process & system review	
Workforce							
Engagement & teamwork of the workforce (<i>Increased expectations of employees & customers to retain their engagement with DCF</i>)	Employee satisfaction, engagement & retention	X	X	X		12. Analyze opportunities to improve employee engagement (EE) 13. Improve EE with Socialcast	
Retaining a qualified workforce & growing skills through training (<i>Qualified & competent candidate pool</i>)		X	X	X	X	14. Improve new employee on-boarding 15. 3rd party sales & service trainers 16. Re-engineer new employee orientation	
Delivering high value, cost effective benefits (<i>Rising medical costs, economic conditions/ACA</i>)					X	17. ACA & benefits review, look at Mayo	
Societal Responsibility							
Sustaining presence in DCF's market	Community partnering			X	X	18. Coordinate projects with the highest impact	

Figure P.2-2 Strategic Challenges, Advantages & Integration to the Core Competencies

determine actions with an initial approach, engage the workforce to assign accountability, update processes to the work methods and improvements for deployment, and train the workforce accordingly for integration. Improvements affecting a critical core Baldrige System (Glossary) must have SLT approval. All others can be improved by the process owner. The workforce can link directly to the process owner from the on-line process manual to understand how work is to be performed and provide opportunities for improvement.

When performance reviews indicate action is necessary, a determination is made whether the documented process was not followed (process discipline), or design improvement is needed, continuing to the organize step. If no improvement is needed, the process is retrained.

Throughout the application, the FORD symbol shows the number of cycle improvements for the Baldrige systems (1-2), (3-4), or (5+). A portion of these improvements were obvious or were based upon regulations or stakeholder requirement changes. Others went through the formal FORD Process.



Figure P.2-3 FORD Improvement Process (Pocket Card)

change (Figure P.2-3). This system guides the OES (Figure 6.0-1).

The approach is 100% trained. 100% of the departments have provided over 500 ideas (>3 per employee) for improvement since 2012 with 90% being implemented.

During the FORD Improvement Process, process owners



1: LEADERSHIP

“I drive over 150 miles every day and pass over a dozen car dealerships to work at Don Chalmers Ford.” This employee comment is an outcome of DCF’s systematic Leadership System (LS) (Figure 1.0-1) as compared to other dealerships she has worked in. The LS has experienced over 5 cycles of improvement during its 20 years to achieve organizational sustainability and employee satisfaction by identifying stakeholder expectations and setting direction based on those expectations.

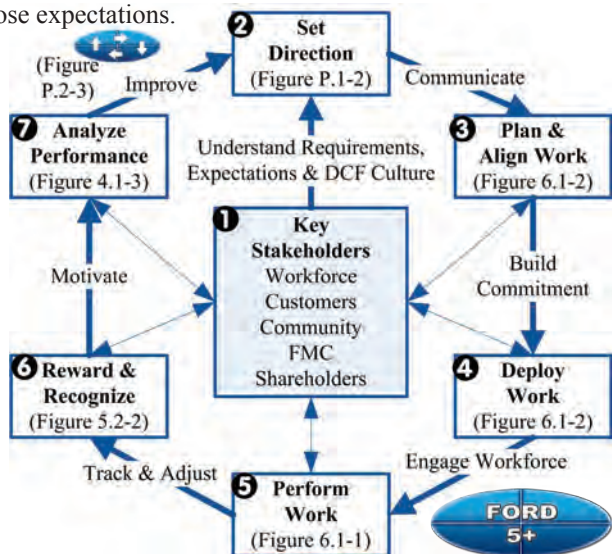


Figure 1.0-1 Leadership System

The LS is one of the systems that guides our Organizational Excellence System (OES, Figure 6.0-1) and is validated from beginning to end with integration to related figures throughout the application. The arrows indicate how the deployment and integration takes place. The LS begins with DCF’s key stakeholders providing their requirements and expectations in **Step 1** with all key actions encouraging two-way communication (2-way arrows). These are reviewed for understanding by the leaders for alignment to the DCF culture. High expectations are set for performance and improvement to set direction (**Step 2**) and are communicated to the workforce. Leaders plan and align the work (**Step 3**) and deploy (**Step 4**) using the processes developed in Figure 6.1-2 to build commitment and engage the workforce with the work to be performed. Work is performed (**Step 5**) using the Key Work Processes (Figure 6.1-1). The workforce is rewarded and recognized (**Step 6**) for the work accomplished, as appropriate, based upon the ability to meet the stakeholders’ requirements and expectations with the approaches in Figure 5.2-2. Performance is analyzed using the approaches in Figure 4.1-3 (**Step 7**) for improvement using the FORD Improvement Process in Figure P.2-3.

Due to DCF’s small organizational size, systems and processes are fully deployed and integrated. FORD Process cycles of improvement show learning.

1.1 Senior Leadership **RP RS** 1.1a Vision, Values, and Mission

1.1a(1) Vision and Values The Senior Leadership Team (SLT) uses the Strategic Planning Process (SPP) to set the organizational vision and core values, and to re-validate or change them annually as necessary (Figure 2.1-1, **Step 3**). SLT members attend a monthly SPP meeting representing all departments where the vision and values can be modified to respond quickly to innovation and stakeholder needs.

Deployment of the vision and values to all stakeholders, key suppliers, and partners takes place in written format, face-to-face meetings, the “How I Connect” tool for the workforce, management-by-walking-around (MBWA), the website, Socialcast the internal social media site, community involvement, and personal actions. The “How I Connect to **The DCF Experience**” tool was developed after an Opportunity for Improvement (OFI) in the Baldrige 2008 site visit feedback report indicated that **The DCF Experience** had some gaps in deployment. DCF tailored a document that 2009 Baldrige winner AltantiCare developed that includes the core values, stakeholders, mission and vision. One side includes the integrated DCF experience and the other side asks the employee to personalize the core values to their job and their team. Two question examples are “what can I do to improve customer satisfaction” and “what can we do to improve customer satisfaction”. This is repeated for the core values. This tool is deployed in new employee orientation and used as an annual re-engagement tool. Figure 1.1-1 shows how DCF deploys and verifies the organizational values through organized 2-way communication with results in Figure 7.4-1.

Commitment to the core values and core competencies of Servant leadership, Integrity and Ethics, and Family Values

Deployed by SLT Member	Deploy Vision & Core Values Processes To: (Figure 1.0-1, Steps 3 & 4)	Verify Vision & Values Are Deployed To:
All Workforce: Gary CFO PSD NVD UVD DPE	All Workforce: • Communication methods (Figure 1.1-4) • Monthly Driving Forward meetings • Socialcast (internal social media) • Compli • Weekly sales meetings • Bulletin boards • New employee orientation, Employee Handbook, by personal actions • Monthly employee birthday lunch • Monthly nonprofit presentations, invitations to community events, philanthropy & volunteer opportunities • inProcess on-line process manual	All Workforce: • Driving Forward monthly contest • Employee satisfaction & engagement survey results (7.1-11 - 7.1-13) • New Employee Quiz, “How I connect sheet” & homework assignment, verification of Mission • # of back page improvements in the Business Plan Reviews (BPR) (7.1-26) • Engagement in volunteering (7.4-10), nonprofit funding, community events & community projects
Key Suppliers & Partners: All SLT	Key Suppliers & Partners: • Meetings • Emails • Annual planning • Monthly leadership training at DCF • Invite to community events	Key Suppliers & Partners: • Continuous communication to build stronger business relationships • Meet with them & ask them • Engagement in core value of “Community Partnerships”
Customers & Other Stakeholders: NVD UVD DPE	Customers & Other Stakeholders: • Owner Clinics (new/used/MPGreen) • iPad • Finance & Insurance video brochures • donchalmersford.com & social media • Community initiatives & networking • By personal community involvement	Customers & Other Stakeholders: • Survey responses (Figure 7.2-25) • Transparent vehicle sales • Third-party audit of the process • Community partnerships & volunteering • Social Media testimonies
Gary=President/GM; CFO=Chief Financial Officer; PSD=Parts & Service Director; NVD=New Vehicle Dir.; UVD=Used Vehicle Dir.; DPE=Director of Performance Excellence		

Figure 1.1-1 SLT Deploys Vision, Mission & Core Values



Leaders Promote Legal Behavior
Compli on-line compliance training Employee Handbook expectation New employee hiring & orientation (NEO) Random monthly drug screening The CFO is the Compliance Officer (CO) Paper shred boxes throughout dealership Privacy act training & random audits AFIP certification for Finance Directors
Leaders Promote Ethical Behavior
Same as Legal, Plus: Integrity & Ethics pocket card Employee Hotline available for all employees Servant Leadership Training, Community Leadership Roles F&I process records transaction w/customer


reflects engagement to DCF's core values using the Integrity and Ethics 3-way test (Item 1.2b[2]) and in the performance of daily activities.

1.1a(2) Promoting Legal and Ethical Behavior Approaches for SLT to promote legal and ethical behavior are in Figure 1.1-2. Gary uses personal engagement and a strong belief that **The DCF Experience**

includes a leadership responsibility to the community to set the highest standards for an organizational environment that fosters, requires, and results in legal and ethical behavior. He does not want to be like every other car dealership. Gary conveys these non-negotiable values directly to the SLT for deployment throughout DCF, strengthened by his open door policy. With his door never closed and no matter how busy he may be, he always drops what he is doing to address any stakeholder that comes to his office. This sets an example for the entire SLT.

The SLT ensures adherence to high legal and ethical behavior by hiring the right people, training in new employee orientation, Compli and annual refreshers, living by and auditing legal and ethical behavior. The SLT also models ethical behavior in their own DCF positions and through community involvement, and sets organizational vision and values in the SPP. The SLT has implemented processes to adhere to federal, state, county, and municipal regulations in Figure 1.2-1, with

Figure 1.1-2 How SLT Promotes Legal & Ethical Behavior

Method	Figure/Item Ref #	SLT Owner
Accomplish Mission		
1. Action plans reviewed monthly in SPP	2.1-2	<i>All SLT</i>
2. 20 Group & Business Plan Reviews (BPR) tied to KSDs	2.1-1 (Step 11)	All SLT
3. Resources provided to accomplish objectives	4.1-3	All SLT
4. Pay & reward incentives for productivity & customer satisfaction	2.1-1 (Steps 8 9)	All SLT
5. "How I Connect" tool, a personal connection to The DCF Experience	5.2-2	Gary, NVD, UVD, PSD
	N/A	DPE
Fuel Organizational Performance Improvement		<i>All SLT</i>
1. FORD Process integrated across the workforce	P.2-3	DPE
2. Process improvement = 1 of Key Success Drivers (KSD)		DPE
3. Driving Forward Report (DFR) back page	2.1a(1)	Gary
4. FORD Improvement Process Pocket Card	4.1-3	
Drive Performance Leadership		<i>All SLT</i>
1. Competitive Performance Leadership	5.2-1	
a. Daily e-mail reports of local Ford division competitors' sales		
b. Equal pay for CEM performance & President's Award bonuses		
2. Role Model Performance Leadership	5.2-3	
a. Promotion from within		
b. Promote environment of teamwork for customer retention		
c. 7 Pillars of Servant Leadership & teamwork by The EPIC Advantage		
3. Workforce volunteers as community nonprofit board members	1.2c	
Organizational & Personal Learning		<i>All SLT</i>
1. Incentive bonuses for technician training certification levels	5.2-3	PSD
2. Continual process & product training in weekly & monthly meetings	5.2-3	All SLT
3. Servant Leadership and teamwork training available to all workforce	5.2-3	DPE
Deliver Positive Customer Experience & Foster Customer Engagement		<i>All SLT</i>
1. Dealership's physical design around the customer experience	N/A	Gary, PSD
2. New and used vehicle Owner Clinics	3.2-4	PSD
3. Consumer Experience Movement Coaching from FMC Coach	N/A	
4. Social Media	3.2-4	Gary
5. Partner with customers' community causes, invite to events	1.2c	SLT
6. MPGGreen Clinic - fuel economy tools & reminders	3.2-4	PSD
Encourage Innovation & Intelligent Risk Taking		<i>All SLT</i>
1. Meetings held w/20 Group dealers to discuss best practices (Industry)	4.1-3	Gary
2. Meaningful change through improved products, processes & services (SPP Step 6) Innovation Management System	6.1-4	All SLT
Achieve Strategic Objectives		<i>All SLT</i>
1. Align SPP to Annual plan KSD's & CEM bonus	2.1-1 (Step 9)	
2. Every Manager's BPR aligns to the KSD's	2.1-1 (Step 10)	
3. Action plans reviewed monthly	2.1-1 (Step 11)	
Support Organizational Agility		<i>All SLT</i>
1. Gather, track & review data from SLT, workforce, stakeholders, audits & reports to determine performance improvement opportunities	4.1-3	
2. Perform gap analysis, compare to Strategic Plan	2.1-1 (Step 11)	
Develop Succession Planning & Future Leadership Skills		<i>All SLT</i>
1. Leadership development training monthly (Maxwell/Covey/EPIC)	5.2-3	DPE
2. Service Group Manager training off site	5.2-3	Gary
3. 1-1 mentoring with The EPIC Advantage for every manager	5.2-3	DPE

results in Figures 7.4-4 and 7.4-5. These processes for legal and ethical behavior involve three methods: 1) Awareness, 2) Proactive audits, and 3) Reactive audits. All methods are deployed though the Compli compliance training tool and new employee orientation on-boarding. We promote an organizational environment that fosters a thorough understanding of the importance of legal and ethical behavior, the benefits of adherence, and the consequences of non-adherence through ongoing training on compliance, ethical and legal regulations, and by developing, implementing, and monitoring internal processes, policies and training. Employee service on nonprofit boards teaches fiscal and legal accountability with community and client impact.

1.1a(3) Creating a Successful Organization Figure 1.1-3 shows how DCF's SLT creates a successful environment for now and in the future. The SLT actively participates in all of the approaches for creating a successful organization and the activity provides potential candidates for the

Figure 1.1-3 SLT Creates a Successful Organization



development of future DCF leaders and succession planning.

Aligned with **The DCF Experience**, the SLT builds a successful organization by systematically evaluating and addressing current and future business needs (both internal and external), utilizing market and trend information and data, performing gap analysis, and then implementing innovation and improvements as needed.

Organizational success is supported by ensuring seven critical elements are in place: money, facilities, and equipment (CFO), data (REYREY), people (SLT), critical skills (DPE), and supply chain (FMC). Innovation and intelligent risk-taking are encouraged as essential to successful growth (Figure 2.1-1, **Step 6**), exemplified by new products, processes, and services such as iPads for salespeople, Trade In Marketplace/RealDeal/vAuto/Digital Airstrike, owner clinics (new, used & MPGreen) and adding Don Chalmers Insurance Services (DCIS) - an Allstate agency, located inside the dealership. DCF is closed on Sundays (Family Values), a high sales day for competitors, and has an on-site wellness clinic with a nurse practitioner open every weekday from noon - 4:00.

The SLT’s day-to-day interaction with the workforce identifies emerging leaders and assists with their career development. DCF also looks internally first to find potential replacements for open positions. For example, the Marketing Coordinator (MC) started her career in 2011 as a Greeter, moved to a sales administrative assistant and then to the Allstate office as an insurance sales consultant. She was promoted to the Marketing Coordinator position as she was finishing her bachelors degree at the University of New Mexico in the fall of

2015. Succession planning is integrated into DCF’s strategies by aligning the workforce with the mission, vision, purpose, and core values to “mature” the workforce through organizational learning, as well as successive levels in their own career paths. Employees are encouraged to participate in volunteer leadership roles in the community to grow new skills, perspectives, and networking. For example, two high performing managers will be QNM examiners in 2016.

1.1b Communication and Organizational Performance

1.1b(1) Communication Figure 1.1-4 shows how DCF’s SLT communicates with and engages the entire workforce as well as reinforces high performance systematically. DCF is a small retail business, agile in communication. A short walk to the sales office or service drive is a *Real Simple* everyday approach to communicate or ask questions. Meetings serve as a method of frank two-way communication and a forum for leadership to ensure that company core values, core competencies, strategies, and performance are aligned and deployed throughout the organization. The monthly Driving Forward Report (DFR) is the main communication approach. The report includes a “front page” that includes items that all departments are interested in, for example: status to the annual CEM and President’s Award bonus, anniversaries, birthdays, and teamwork recognition from other employees. The middle section has the team’s Business Plan Review (BPR) and the back page Finds opportunities for improvement (first step in the FORD Improvement Process) by asking the employees “What’s on you mind?” and documenting community service hours.

Posted strategically throughout DCF facilities are written

Leader/Audience	Communication Method/Frequency	Flow	Validate 2-Way	Focus
SLT/ All Managers / WF	Driving Forward Report & BPR / Review Monthly	2-way	I, GD	Communication tool about previous month’s department performance against plan’s KSDs, safety, VOC, CEM Bonus & President’s Award status, employee years of service anniversaries, birthdays, community news & volunteering, & job openings; address issues logged on back page & the status or decision, review key VOC, productivity & process improvements
Gary / SLT / Managers	20 Group Meetings / Monthly	2-way	I, GD	The review focuses on financial productivity & significant KSDs plus managers’ BPRs & Driving Forward meeting back page results
Gary / SLT	Leadership Meeting / Weekly	2-way	GD, RR	Process Improvements, What’s Important Now (WIN), financial review, VOC & emerging issues
NVD / Sales Consultants	Sales Meeting / Twice Weekly	2-way	RP, RR, I	Process improvements, WIN, ad campaigns, FMC promotions, process & product training, motivation, direct marketing campaigns, safety, health & wellness, monthly bonus plan, reward/recognition, review VOC customer feedback
Gary / Sales & F&I Managers	Sales Manager Meeting / Weekly	2-way	I, GD, RR	Process improvements, WIN, units sold, gross profit per vehicle, productivity (In-process measures) & VOC
SLT / WF	Birthday Cards / Yearly	2-way	I	Deliver a birthday card with gift card to the employee on their birthday
Gary / SLT	Strategic Planning / Monthly	2-way	I, GD, RR	Strategic planning action item review, organizational decisions, innovations & improvements
Gary / Managers	Leadership Training / Monthly	2-way	GD, RP, RR	Process improvements, WIN & Servant Leadership training
Gary / WF	Employee Handbook / Yearly (minimum)	1-way	N/A	Communicate dealership foundational elements & policies & procedures, annual refreshers using Compli
SLT/All Employees	On-going internal social media	2-way	I, GD	Any employee can post positive comments about customer comments, employee compliments, birthdays and anniversaries of employment (Socialcast).
MC/ Social media	As needed	2-way	GD	Posting news and interesting stories on Facebook, responding to positive and negative postings on all avenues.
DPE / Sales Consultants	VOC updates / Monthly posted	1-way	N/A	Spotlight update of VOC segmented by store VOC, President’s Award and the 6 elements of CEI
Gary/ CFO/PSD	Cost Control /Weekly	2-way	I, GD	Review key expenses and make determination of opportunities to trim expenses

Audience: WF=Workforce, I = Interactive; GD = Group Discussion; RR = Round Robin; RP = Role Play



Figure 1.1-4 SLT Communicates With & Engages the Workforce



reports and charts including, sales and productivity updates versus forecast by sales unit to promote high performance. Two-way communication is encouraged with the workforce in the monthly employee birthday lunches, emails, 20 Group reviews and Socialcast. Plaques displayed on the wall keep the workforce engaged with the community groups we support.

DCF encourages two-way customer communication through the effective use of social media platforms such as Facebook, Twitter, Yelp and Google+. Through the employment of a Social Media Manager (Motofuze), DCF is active in daily postings and responds to comments and feedback received through the use of both desktop and mobile devices. All social media customer review sites are monitored and responded to immediately by the MC. Motofuze provides an early warning system for customer satisfaction allowing the SLT the opportunity to praise great customer service and resolve customer concerns immediately. Negative reviews are addressed professionally.

Deployment, using the DCF website, e-mail, voice mail, and conferences, keeps the flow of communication immediate and direct. The SLT sets the example for accurate and proactive communication by asking the workforce for feedback and by maintaining an “open door” policy to keep communication channels open.

The SLT communicates key decisions directly to their departments and in meetings where information is reviewed with the entire workforce. The information is reinforced through written, posted and/or e-mail communiqués, and in the online process manual (inProcess).

The SLT rewards and recognizes high performance and a customer and business focus (Figure 5.2-2) through performance bonuses for productivity and customer satisfaction and engagement, verbal recognition, written and posted recognition, hand-delivered birthday cards from the SLT, certificates and plaques, promotions, and inclusion in community events. The SLT does not delegate this recognition to reinforce the core value of *outstanding employee satisfaction and transparency* to address **Real People**.

1.1b(2) Focus On Action The SLT creates a focus on action to achieve the mission of *Growth Through Customer Loyalty* in the approaches in Figure 1.1-5.

Requirement	Senior Leaders Create A Focus On Action To Achieve the Mission <i>Growth Through Customer Loyalty</i>
Achieve DCF’s Mission & Set Expectations for Performance	<ol style="list-style-type: none"> 1. Monthly 20 Group BPR meetings repetition of the KSDs & needed action plan review (SPP, Step 11) 2. DFR distribution to every employee 3. Communicate via Socialcast, e-mail & walk-rounds 4. Participate in community events & board membership
Identify Needed Actions & Improve DCF’s Performance	<ol style="list-style-type: none"> 1. FORD Process integration using back page of DFR 2. Employee survey comments & action plans 3. Design new/update existing process 4. Train or retrain existing processes
Attain DCF’s Vision	<ol style="list-style-type: none"> 1. Participate in, communicate & complete strategic planning action plans (SPP, Step 9) 2. Participate in communicate & complete annual plan & corresponding objectives in the BPR’s (SPP, Step 10)
Enable Innovation & Intelligent Risk Taking	<ol style="list-style-type: none"> 1. Generate ideas from DCF’s vision, an unmet customer demand or a strategic objective (SPP, Step 6) 2. Keep current on information from trade shows, market analysis, NADA, 20 Group books & meetings

Figure 1.1-5 Processes for SLT to Create a Focus on Action



The most significant innovation to the LS occurred in 2012 with the implementation of the BPR, modeled after Ford Motor Company’s CEO, Alan Mulally, with whom Don Chalmers had a personal relationship. As this approach has matured, employee engagement also improved from a net engagement score of 22 in 2012 to 73 in 2015 (Figure 7.3-12) and landed DCF as the #1 Ford Dealership to Work For in the nation two years in a row. This was also recognized by *Automotive News* as a dealership best practice in their September 15, 2015 issue.

The SLT sets annual performance expectations with SMART goals and needed actions in the annual plan’s BPR and associated Key Success Drivers (KSDs) as part of the SPP, **Step 10**. Every manager has an integrated annual plan BPR with the same high-level KSDs to ensure alignment and integration to all departments. These are measured through the monthly BPRs included in the DFR using a stoplight assessment, employee and customer satisfaction and engagement surveys, monthly employee birthday lunch, and informal two-way discussions at department meetings. An improvement in the monthly birthday lunch in 2015, benchmarked with Park Place Lexus 2005 MBNQA: Gary asks each employee to write down two things they would change if they were General Manager for a day. Gary then provides a written response to the question/ideas to all employees who attended the lunch. Many of the ideas have provided ideas for improvement, improving communication and attaining the vision: To be the Premier Ford Dealership in New Mexico.

The SLT uses information gathered to identify new and improved products, processes, and services in need of innovation and intelligent risk taking. The process begins with the question: “What is a challenge at DCF today, that if it could be done, would fundamentally change what we do.” (See more in **Step 6** of the SPP) Evaluations and changes balance these expectations, using stakeholder input for the benefit of the company’s growth and the stakeholders’ requirements and expectations.

To meet emerging leadership development needs, new training is provided, and further strategic planning focuses on areas of improvement or new career development paths. Peer mentoring and coaching is provided by The EPIC Advantage’s Jerome Wade and the FMC coach monthly for the SLT and managers, with team building for the workforce. Opportunities for service in the community in leadership roles enhance professional courses and training.

1.2 Governance and Social Responsibilities

1.2a Organizational Governance

1.2a(1) Governance System DCF ensures responsible governance as in Figure 1.2-1. The SLT, the workforce, and suppliers and partners are responsible for this system. The process has three key steps: 1) Do we have the right governance elements identified?, 2) Is it deployed to the appropriate employees or stakeholders?, and 3) Do we have policies and procedures to ensure it happens? The intent is to comply with all federal, state, and local laws, the organizational vision, the policies, procedures, and processes. A series of audits are performed by both internal and external parties to ensure compliance.

Governance and fiscal accountability results are in Figure 7.4-3.

Assign Owner	Determine Intent	Strategize Key Aspect to Address (1.2a[1])	Review/Evaluate Audits Performed Internal (I) & External (E)	Align with Primary Stakeholder Impacted				
				WF	C	CO	F	S
Gary Housley SLT	Comply with all:	Accountability for Senior Leader's actions	Every car deal (I)		X		X	X
			Employee surveys (E)	X	X	X	X	X
			Every service invoice (I)				X	X
	Federal laws & regulations	Accountability for strategic plans	Monthly review of action plans & status (I)	X	X	X	X	X
			Fiscal accountability				X	X
	State laws & regulations	Fiscal accountability	Monthly financial closing (I)				X	X
			End-of-year financial audit (E)	X	X	X	X	X
			Parts inventory (I/E)				X	X
	Local ordinances	Fiscal accountability	Workers compensation (E)	X				X
			Floor plan (E)				X	X
	Organizational vision	Fiscal accountability	Vehicle physical inventory (I)	X			X	X
			Transparency in operations (core value)					
	Policies & procedures	Fiscal accountability	Compliance Officer (active SLT member) reviews policies, procedures & processes, as applicable (I)	X	X	X	X	X
			Selection of Governance Board members & disclosure policies				X	X
	Processes	Fiscal accountability	Minutes of meetings (I)	X				X
			Independence & effectiveness of internal & external audits	Warranty (I/E)				X
OSHA (E)				X				X
401k (E)				X				X
CFO audits of key compliance processes (I)				X	X	X	X	X
Protection of stakeholders & shareholders			Fire Department (E)	X	X	X	X	X
			Safety through KPA (E)	X	X	X	X	X
Succession planning for senior leaders	BPR performance (I)	X	X	X	X	X		



Figure 1.2-1 Governance System Protects All Stakeholders

1.2a(2) Performance Evaluation SLT performance is evaluated by reviewing individual performance measures, sales and service reports, customer correspondence and audits. Review of progress and goals takes place at the BPR and 20 Group meetings, the annual planning meeting, and with input from annual employee surveys. Gary's compensation is tied to overall dealership performance as he is the majority shareholder. As the owner of the FMC franchise, Gary's performance is regularly evaluated by meeting all contractual requirements of an independent franchised dealer. Gary and the SLT are accountable for ensuring that every transaction meets the organizational vision and protects the interests of all stakeholders. Gary annually reviews SLT members' performance using overall dealership success and individual department BPR progress. Compensation for SLT members and managers includes opportunities for performance based bonuses.

To further develop and improve personal leadership effectiveness, feedback from the SLT and workforce is incorporated into the BPR, new policies and procedures,

supporting the core values of continuous improvement. Don Chalmers and Gary were and are servant leaders. Servant leadership emerged into a core competency through effective third party leadership training (The EPIC Advantage) in 2015. It provides a competitive advantage, provides potential to increase market share and our competitors can't duplicate or imitate easily.

1.2b Legal and Ethical Behavior

1.2b(1) Legal and Regulatory Compliance Figure 1.2-2 includes how DCF anticipates and addresses public concerns and societal impacts with our products and operations. Figure 1.2-3 describes DCF's key regulatory and compliance processes, measures, and goals for achieving and surpassing requirements, and for addressing the possible risks associated with DCF's products, services, and operations. A 2011 cycle of improvement is auditing customer's privacy in the sales room by looking for exposed customer information after closing. The Director of Performance Excellence (DPE) walks through the sales room (uses biometric access) and places a green "thank you" card if the employee is protecting customer information. If customer information is found on the desk, a

red card is placed on the employee's desk, the information is collected, and the employee must visit Gary to claim the materials. Gary reminds the employee of the importance of protecting customer information. Green cards receive a small reward.

1.2b(2) Ethical Behavior The auto industry does not have an ethical reputation. DCF takes this seriously, beginning with comprehensive and strategic hiring. Approaches promote and ensure ethical business practices for all stakeholders initially in the Employee Handbook and continuously in the Driving Forward Report, Compli, and the online process manual. The SLT evaluates and strengthens these deployment methods

Process to Address Adverse Impacts on Society of:	Process to Anticipate Public Concerns With Current & Future Products & Operations:	Proactive Preparation
<p>Operations: Emission control inspections; KPA (3rd party) reviews compliance with safety & environmental regulations; Outside lighting to respect neighbors; Recycle metal, paper, plastic, cardboard & aluminum</p>	<ul style="list-style-type: none"> Safety included in work process decision Professional memberships in auto industry keep dealership current Lighting, no outside paging system Community involvement promotes informal feedback 	<ul style="list-style-type: none"> Concern Resolution Process pocket card w/each employee Website lists contact information for addressing customer concerns MotoFuze early warning system, sales room audits
<p>Products: Compliance with FMC recall processes; Hybrid vehicles; oil, hazardous chemicals & tire recycling, Green recycled oil for sale</p>	<ul style="list-style-type: none"> Flexible fuel vehicles accept alternative fuels Recall products & warranty for new & used vehicles: DCF honors new vehicle customers wherever their vehicle was purchased & notifies customers who haven't yet returned for their recall 	<ul style="list-style-type: none"> Sales & F&I videos for proper presentation of products to customers

Figure 1.2-2 Proactive Approach to Societal Impacts



Risk Area	Regulator	Process to Address	DCF Owner	Goal
Title, tax & registration	County Tax Assessor	Title	CFO	NV
Cash purchasing reporting	IRS	F&I	Gary	NV
Emissions - every 2 years	County DOT	Equip. inspection	PSD	NV
Client vehicle emissions, disposal of oil, hazardous materials & coolant recycling	EPA	Disposal by vendor records in yellow box (KPA)	PSD	NV
Federal regulators including FMLA, Patriot Act, ADA, EEO	Relevant federal agencies	Hiring & HR practices	CFO	NV
Federal Truth in Lending Act	FDIC	F&I	Gary	NV
Equal Credit Opportunity Act	CFPB	F&I	CFO	NV
Consumer Rights Protection Agency (Privacy Act)/	NM Attorney General's office/CFPB	F&I	Gary	NV
Health/Safety	OSHA	KPA	CFO	95%
NV = No Violation				

1. Is it the truth?
2. Is it fair?
3. Is it the right thing to do?"

This timeless test was adapted from a 110-year-old service group, Rotary International, known for its honest business principles, and is deployed to every employee through training and a pocket card.

A core value since 2005, making all employees responsible for ethical practices like servant leadership, integrity and ethics also met the criteria for a core competency. Innovations in key areas like Finance and Insurance video recordings allow third party audits that assess the process discipline, and integrity and ethics of the transactions. Feedback is provided to the F&I Manager monthly to ensure that continuous improvement takes place.

DCF's ethical behavior is promoted and deployed through a variety of methods. The SLT reviews I&E at new employee orientation as part of the "How I Connect" sheet that is 100% deployed. A confidential employee hotline is available for employees to report any integrity, ethics or legal issues to a third party. Background checks and drug tests are performed on new employees, with monthly random drug tests on existing employees. Immediate and serious consequences, leading up to termination, discourage deviations from the organization's culture of integrity and ethics. When breaches are suspected or reported, the I&E Process is used to verify the concern, determine severity, and decide appropriate consequences with results in Figure 7.4-5.

Validating our commitment to ethical behavior occurred in 2014 when DCF was awarded the prestigious Ethics in Business award by Samaritan Counseling Center. The nomination was submitted by a financial lending partner. A group of University of New Mexico's business school students performed a site visit to assess the processes in place and validate that a sound system is in place. The students' recommendation was submitted to an independent selection committee. DCF is the first automotive dealership recognized by their peers to receive this revered award in the state of New Mexico.

1.2c Societal Responsibilities

1.2c(1) Societal Well-Being A priority since we opened, societal well-being is included in **The DCF Experience** as a

Figure 1.2-3 Regulatory & Legal Compliance annually during the SPP, committing to model ethical business practices by example. The SLT assesses all stakeholder concerns (Figure 1.2-4) and goes above and beyond in resolving the concern to ensure a systematic approach to ethical behavior. DCF also communicates expectations of leading by example to all managers and expects them to perform their business transactions ethically using the **Integrity and Ethics (I&E) 3-Step Process** which asks, "Of the things I think, say or do..."



Stakeholders	Method	Ensuring Ethical Behavior	Addressing Challenges Through Processes	Goals
Workforce (WF)	Employee handbook & hotline; I&E pocket card; New Employee Orientation; Online process manual; Compli training;	1-800 employee hotline; Queue system for incoming prospects; I&E Compli weekly compliance reports;	Review w/Gary, guarantee confidentiality; Make safe environment a priority & monitor effectiveness of system	Benchmark (Bmark) level workforce retention; 90% Compli compliance
Customers (C)	Employee background check & drug screening; Protecting customer identity; Video tape F&I process	Employment application, monthly random drug tests; biometric sales room entry; 3rd party review process	Conditional employment, HR & CNP initiate; Improvement process, Concern Resolution process & random system checks	Clean drug screens; Bmark VOC scores; Green cards
Community (Co)	Requests for donations & volunteering through 1 focal point; 1 of KSDs on the BPRs	DCF information on web & active community participation; monthly 20 Group reviews	Frequent communication, open door policy; community partner attends monthly birthday lunch	BPR KSD stoplight with SMART goal & action plan; hours logged on back page
FMC	Fulfill all contractual obligations above & beyond expectations	Audit every sales deal & service invoice	Daily & 3rd party audits	President's Award
Shareholders (S)	Background check & drug screening; fiscal accounting & reputation in community	Employment application & drug tests; 3rd party financial audit	Conditional employment; Improvement process, regular audits & Concern Resolution process	Continued employment; Acceptable governance audits; customer loyalty

Figure 1.2-4 Promoting Ethical Behavior in All Transactions



core value (Figure P.1-2), infused through employees' daily behaviors of compassion and commitment. DCF proactively seeks to address societal well-being and benefit through community partnering.

Determined in the BPR annual plans (Figure 2.1-1, **Step 10**), assigned action plans (Figure 2.2-1, deployment) are achieved through encouraging active employee engagement & initiative (learning) and assessing yearly for outcomes and improvements (integration). The dealership's vision for societal well-being identifies four focus areas (Health, Education, Community Service, and Business Development), and provides funding guidelines to potential recipients of DCF's giving.

DCF provides the workforce with ongoing opportunities to volunteer, serve on boards, participate in events, learn best practices, and advocate for critical community issues, promoting more engaged and satisfied employees who also support causes and charities of their customers. Employees are encouraged to support non-profits that personally motivate them – community projects are one of the 8 KSDs, and every department engages employees in an annual volunteer project. Non-profits, like the Boys and Girls Club, Meals on Wheels and the Pediatric Brain Tumor Foundation, are invited to speak at monthly employee anniversary lunches about key community issues and opportunities to volunteer or contribute. DCF supports key focus areas of stakeholder FMC (such as breast cancer), and DCF suppliers and partners are invited to join DCF at benefits, walks, and events. As a cycle of improvement, DCF has begun featuring the company's focus on philanthropy on the DCF website and social media with pictures of events that the workforce has supported. They are also posted on Socialcast. In addition, we recycle paper, plastic, and metal. Proceeds go to support non-profit organizations.

1.2c(2) Community Support To actively support and strengthen DCF's key communities, DCF systematically determines community needs, aligns projects, and measures hours and dollars donated to actively support the core values of the community partnerships. The dealership is committed to strategic community participation (employee volunteer outreach and strategic funding).

Community partnership relies on systematic quality processes for consistent and sustainable impact and outcomes, satisfies stakeholders by engaging causes they believe in, and partnering with the community. The Annual Plan Meeting, BPRs, monthly employee lunches and e-mail communication with the workforce focuses DCF's company and individual employee outreach efforts. Gary serves on the Sandoval Economic Alliance Boards of Directors. DCF also participates in Rotary International, UNM Children's Hospital, Paws & Stripes, Watermelon Mountain Ranch, Veterans Day BBQ, and Special Olympics and Make-a-Wish Boards of Directors to name a few.

DCF's philanthropy matches the footprint of the company's key stakeholders in Central New Mexico in the four focus areas. Led by this active volunteering of the SLT, employees volunteer individually (Figure 7.4-6), with team members or departments, their family, or by joining in company initiatives, striving towards the DCF goal of 40 volunteer hours annually. Figure 7.4-9 shows DCF's exemplary workforce volunteer achievements benchmarked against other companies. Funding priority is given to requests submitted by employees on behalf

of organizations with which they volunteer, such as Rotary or Make-A-Wish.

DCF makes a significant annual corporate contribution to United Way and runs a successful United Way workforce campaign (Figure 7.4-7), achieving top 10% rankings among United Way giving and participation. DCF also provides raffle & auction items, lends vehicles, provides meeting space, holds food, book and supply drives, offers skill building and networking/best practice sharing workshops, invites nonprofit board, and staff and volunteers to sponsored events.

DCF wants to be a great company in a great community that uses Baldrige quality principles by mentoring other companies, helping Quality New Mexico (QNM) applicants understand the criteria, sharing best practices and recruiting the workforce to serve as examiners. All SLT members have served as QNM examiners. None of PPL senior leaders have served as examiners.

To determine the impact of DCF funding, outcomes surveys are sent to funded non-profits (Figure 7.4-10) to review and validate that the support is meeting the community's needs. The Annual Meeting provides profound indicators of DCF stakeholder engagement in the community as managers' share stories of their department projects and employee dedication.

2: STRATEGY

All goals link to the Strategic Planning Process (SPP), flow down to every employee, and are tracked in a closed-loop system.

Comprehensive and critical workforce engagement, satisfaction and organizational success is at the core of DCF's integrated strategic planning system. The highest customer satisfaction in New Mexico, one of only 54 dealers nationally who have won FMC's President's Award for 13 years (96th percentile, Figure 7.4-11) and the number one Ford dealer nationally in Best Dealerships To Work For, make DCF a leader in the automotive dealership industry. Although DCF is proud of these accomplishments, there is no idling. Improvements using the FORD Process drive strategies, improvements and innovations for the future. New Owner Clinics, improved new employee orientation, an app for mobile phones where customers can build their own "garage" and better aligned Business Plan Review (BPR) action plans communicated through the Driving Forward Report are examples of improvements implemented to sustain and grow DCF's business. DCF uses systematic strategic planning as a continuous improvement process, designed to align efficiently and effectively through strategies and action plans that support the mission, "*Growth Through Customer Loyalty*." Figure 2.0-1 displays the integration from strategic planning in the top, to goal measures and benchmarks flow down (deployment) to individual goals, to integration aligned to the performance analysis and review (roll-up).

Due to DCF's small organizational size, systems and processes are fully deployed and integrated. FORD cycles of improvement show learning.

2.1 Strategy Development

2.1a Strategy Development Process

2.1a(1) Strategic Planning Process DCF has an ongoing SPP. The strategic challenges and advantages shown in the Organizational Profile (Figure P.2-2) are determined and action plans (short- and longer-term) are developed to

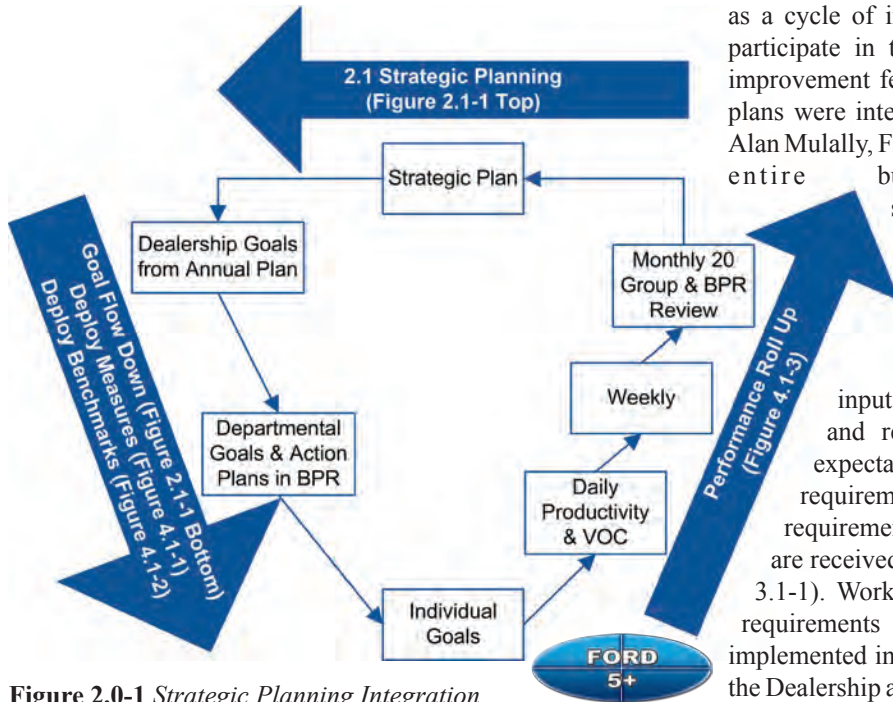


Figure 2.0-1 Strategic Planning Integration

mitigate challenges and strengthen advantages. The strategy development process is in Figure 2.1-1, **Steps 1-8**, color coded to the four main phases with the activities, timeline, inputs and outputs, and who is involved. The SPP is a system that guides the Organizational Excellence System (OES, Figure 6.0-1).

The key participant in DCF’s SPP is the SLT, representing the workforce and input from other stakeholders. In 2007

as a cycle of improvement, a Sales Manager was invited to participate in the process to increase learning and provide improvement feedback. In 2011, the strategic planning action plans were integrated to the BPRs based upon a process that Alan Mulally, FMC CEO at that time, implemented to review his entire business. In 2015, **Step 6** was added to address stimulating and incorporating innovation. These cycles of improvement provide a systematic integration to the monthly DCF 20 Group/ BPR reviews to analyze and make agile adjustments to DCF’s entire business.

The SPP begins by receiving key stakeholder input (**Step 1**) to ensure DCF remains engaged and responsive to stakeholders’ requirements and expectations (Figure P.1-5). In **Step 2** the stakeholder requirements and expectations are reviewed for new requirements &/or re-validated. Customer requirements are received from the Customer Listening methods (Figure 3.1-1). Workforce input is received through the employee requirements and expectations survey, an improvement implemented in 2008. FMC requirements are determined from the Dealership agreement. Community inputs are determined by a community survey. The shareholder is a member of the SLT who participates in the SPP and communicates the requirements and expectations continually. **Step 3** reviews and re-validates **The DCF Experience** (Figure P.1-2). Recent improvements have been re-assessing the core competencies to refine them to those items that our competitors cannot duplicate easily. Based upon this, there were 3 core values: Servant Leadership, Family Values and Integrity and Ethics were “promoted” to

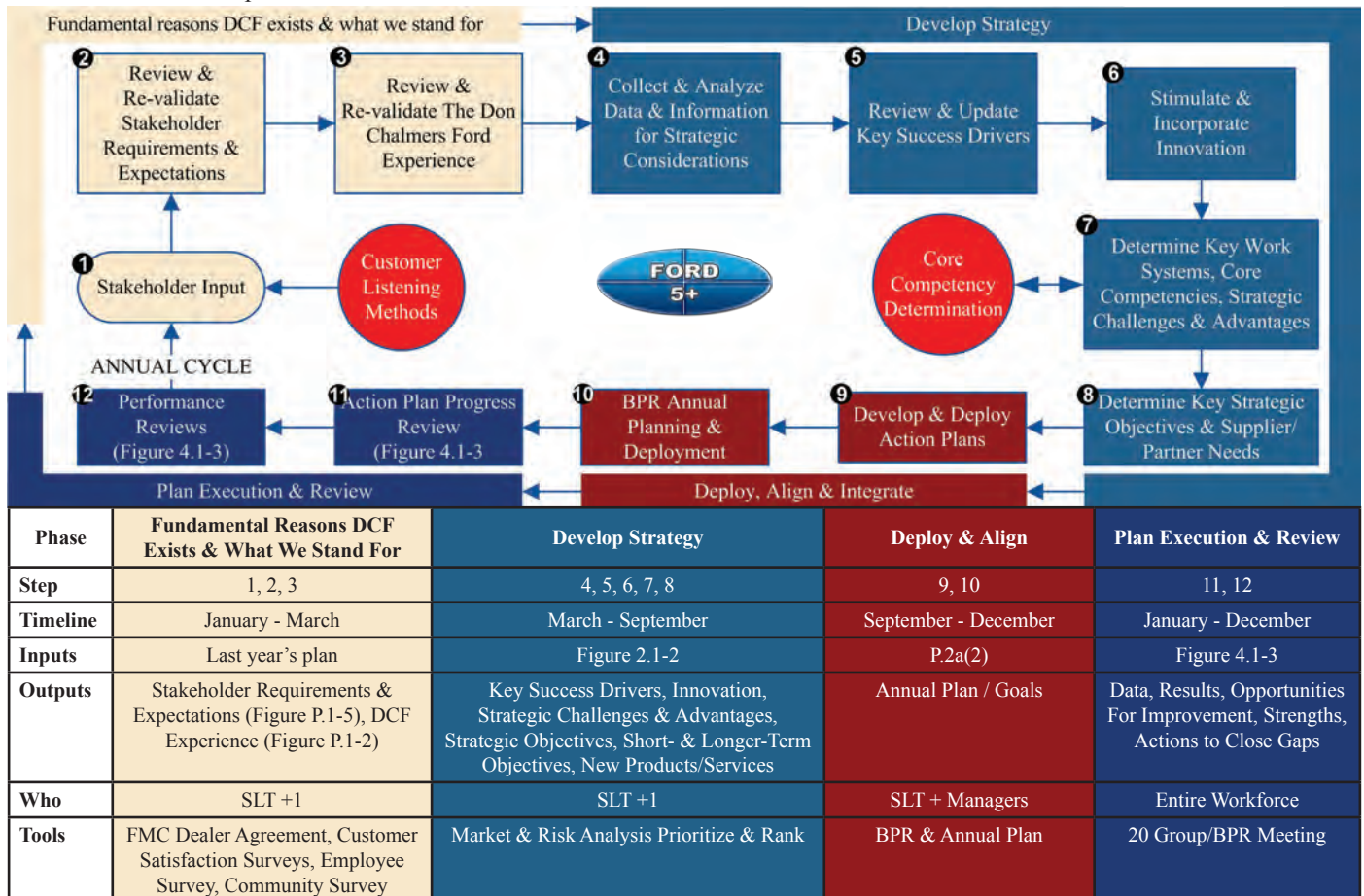


Figure 2.1-1 Strategic Planning Process



core competencies. The core values are aligned to **The DCF Experience**. The organizational structure of the SLT and their roles and responsibilities are in **Step 3**. **Step 4** “Strategy Considerations” is addressed in 2.1a(3).

In **Step 5**, The Key Success Drivers (KSDs) and appropriate measures are reviewed and updated for the dealership based on achieving the mission of Growth Through Customer Loyalty and support of the vision “To be the Premier Ford Dealership in New Mexico.” The SLT integrates the stakeholder input from **Steps 1-3** with updates from market and risk analysis measures in **Steps 4 and 5**, then prioritizes the selection of the strategic challenges and advantages based upon brainstorming those that have the most impact on DCF’s KSDs. Transformational change and the prioritization of these is based upon the stakeholders’ requirements and expectations, and the customer and market segment needs. Market changes are also included. Organizational agility and operational flexibility is accomplished through the integration into the BPR process and annual planning process. Immediate changes can be implemented as needed, due to the agile size of the organization. **Step 6**, Innovation is addressed in 2.1a(2).

In **Step 7**, the strategic objectives for business, operational, societal and human resources are determined based upon the identified challenges and advantages. The prioritization is discussed, and short- or longer-term objectives are selected based upon the SLT’s decision. Short-term is ≤ 12 months, and longer-term is greater than one year. Time horizons are set and addressed in the SPP based upon these factors: 1) What is the timing to accomplish the goal? 2) How does the action plan leverage the strategic objective for what DCF is doing today? 3) What is the importance to DCF’s growth? 4) What is the importance/urgency to DCF’s stakeholders? 5) What are the cost, schedule and barriers that are driving the action plan? The SPP general timeline is in Figure 2.1-1.

2.1a(2) Innovation Stimulation and incorporation of innovation is addressed in **Step 6** through generating ideas which come from DCF’s vision, an unmet customer demand or a goal. To stimulate innovation, we ask: What is a challenge in our dealership today that, if it could be done, would fundamentally change what we do? If it is determined that the innovation will add meaningful change, a team that is most familiar with the current state of the process may help develop the picture of the future.

The process is integrated with the Innovation Management System in Figure 6.1-4. DCF’s strategic opportunities to address changes in the market (P.2a[2]) are: 1) customer owner clinics, 2) servant leadership training from The EPIC Advantage, 3) Motofuze to address customer concerns quickly, 4) iPad in Sales for transparency, and 5) Don Chalmers Insurance Services Allstate Agency (DCIS).

2.1a(3) Strategy Consideration In **Step 4**, data is collected and analyzed for strategic considerations. Relevant data and development information are collected and analyzed for risk based upon the financial, customer and workforce impacts. Customer groups and market segments are reviewed for new and emerging markets and changes to existing markets. Anticipated customer groups and market segments are also addressed. The requirements and expectations for each segment are documented. Valid, measurable results are aligned to determine progress in meeting or exceeding the requirements

and expectations of the stakeholders once established. The strategic challenges and advantages are aligned to each strategic objective to ensure they are addressed in the process with associated action plans. Identifying potential blind spots in the strategic planning process is assisted by input from NADA for future market projections and regulatory environment changes. KPA and Compli also supply current or emerging regulatory and legal changes. Other areas to identify potential blind spots are customer listening methods (MotoFuze, CVP snapshot alerts, social media...), benchmarking groups, state and local governments, regional chambers of commerce, regional economic development agencies and other community partners who supply information to DCF in developing strategies to mitigate the risks and identify market growth areas.

The ability to execute the plan is addressed in the annual planning process as the action plans address potential risk to the SMART goals and action plans. Typically managers are optimistic in their projections for implementing their plans for the upcoming year. Conclusions are drawn by the SLT’s assessment of the risks and typically make conservative adjustments balancing the risks and opportunities in the plan. Risk analysis is considered throughout the SPP, with the highest impact strategized during action planning in **Steps 9 and 10**.

2.1a(4) Work Systems and Core Competencies The key work systems are sales and service. Their ability to accomplish the strategic objectives is addressed for needed improvement to accomplish the intended goals in the action planning, and carried forward to the annual planning BPRs aligned to the process improvement KSD, in **Step 7**. Decisions on DCF’s capability versus an outside source are made on which key process will be accomplished by external partners or suppliers. The core competencies, strategic business, operational and human resource challenges and advantages are reviewed for accuracy by the strategic planning team. A round table discussion allows each member of the SPP team to provide their knowledge on accuracy of the necessary elements. A review of the previous year and any changes from the data and information received is accomplished in the monthly strategic planning meeting.

The SLT integrates the stakeholders’ input from **Steps 1-3** with updates from market and risk analysis measures in **Steps 4 and 5**, then prioritizes the selection of the Strategic Challenges and Advantages based upon brainstorming potential blind spots that have the most impact on DCF’s key success drivers.

The core competency determination process (AOS) assists DCF in determining the core competencies. (**Step 7**): A test helps narrow down which are core competencies versus strategic advantages or key success drivers: 1) Does it provide potential to increase market share?, 2) Does it make a significant contribution to the building of customer loyalty and supporting the vision?, 3) Can DCF’s competitors duplicate or imitate? The core competencies are leveraged strategically in the competitive environment by implementing the outcomes of the SPP (Figure 2.1-1, **Step 8**) and action plans (Figure 2.1-1, **Steps 9 and 10**). Future core competencies are based upon core values that provide an advantage in the market based upon the core competency test or a new emerging need.

2.1b Strategic Objectives

2.1b(1) Key Strategic Objectives Figure 2.1-2 shows the strategic objectives and short- and longer-term goals balancing

across stakeholders. Figures 2.2-1 and 2.2-2 show the timetables for accomplishment of the aligned action plans.

2.1b(2) Strategic Objective Considerations Figure P.2-2 shows DCF’s strategic challenges and advantages and the strategic objectives to address them. These challenges change depending on economic conditions, DCF’s objectives, and automotive market trends. DCF continuously looks at what needs to improve, using Baldrige criteria to review the strategic advantages to retain, grow, and leverage the strength.

Balancing short- and longer-term objectives is done by attempting to keep strategic objectives at less than three per leader. The main methods by which DCF’s strategic objectives address the opportunities for innovation in services, operations, and business needs are by keeping up-to-date on the latest technology, benchmarking with exemplary leaders like the 20 Group and other best in class Baldrige model users like PPL, Midway USA, and AltantiCare, integrating the best practices through active participation in professional organizations, and listening to and learning from stakeholders through community involvement.

Balancing the needs of all stakeholders is addressed by cross-referencing each strategic objective and the stakeholder impacted (Figure 2.1-2). Workforce and customer needs are the most significant to reach DCF’s short-and longer-term goals.

All strategic objectives support DCF’s core competencies, leveraging the fundamental reasons why DCF exists (Figure 2.1-1, **Steps 1-3**). If **Steps 4-8** of the SPP (Figure 2.1-1) indicate the potential need for a new core competency, the Core Competency Determination Process (AOS) is used to analyze the impact on DCF’s short-term processes and longer-term

sustainability. The SLT and process owners use meetings in Figure 1.1-4 to review how to adapt to sudden shifts in market conditions.

2.2 Strategy Implementation *RP/RV*

2.2a Action Plan Development and Deployment

2.2a(1) Action Plans Through SLT leadership, action plans are developed and deployed throughout the organization in the annual SPP (Figure 2.1-1, **Steps 9-10**), and aligned with the short term and longer term goals to be implemented by the workforce. The process ensures that the impact on all departments is determined prior to reaching agreement on the plans. Once the plan is approved, an SLT champion is assigned accountability to initiate, deploy, and integrate the action plan. Progress in implementing short- and longer-term action plans (Figures 2.2-1 and 2.2-2) is evaluated during the monthly strategic plan review where the champion of the action plan provides updates and ensures the action plans help achieve the SPP strategic objectives. This real-time action planning and review allows agile responses to strategic business needs.

Figures 2.2-1 and 2.2-2 include the key short- and longer-term action plans from the 2015 SPP indicating the linkage to the strategic objectives.

To address key planned changes in products, customers and markets, suppliers, partners or how the company will operate, DCF uses the FORD Process and continually improves the consumer experience through increased customer engagement approaches.

2.2a(2) Action Plan Implementation The annual plan focuses on short-term annual goals (**Step 10**). To assist alignment, deployment, and integration of action plans, all

departments set annual performance projections for presentation at the annual off-site meeting in December. The plans are deployed by the responsible managers with the rest of the management staff. An improvement implemented in the fourth quarter of 2011 for the 2012 Annual Plan was to integrate the BPR sheet for each manager with SMART (Specific Measurable Attainable Realistic Timely) goals and action plans aligned to the KSDs. The BPRs, including monthly red, yellow, green spotlight performance, are in the Driving Forward monthly department report. Workforce engagement in the annual plan has increased significantly based upon the change and DCF is

Strategic Objectives Continued from P.2-2	Short-term (Annual) Goals Alignment					Longer-term (>1 Year) Goals Alignment					Stakeholders Impacted
	President's Award	Outstanding Emp. Engmt.	High Productivity	40 Volunteer Hours	Market Share	Largest Volume NM	100 Oil Changes/Day	Owner Loyalty	Malcolm Baldrige	Loyal Employees	
1. Message delivery approach for advertising	X		X		X	X	X	X	X	X	All
2. Digital changes in delivery	X		X		X	X	X	X	X	X	All
3. Continue product knowledge training focus	X	X	X		X	X	X		X	X	WF,C,E,S
4. Increase sales capability & capacity	X	X	X		X	X	X		X	X	WF,E,S
5. Increase tech. capacity all locations	X	X	X		X	X	X	X	X	X	WF,C,E,S
6. Balance Service Advisor productivity	X	X	X		X	X	X	X	X	X	WF,C
7. Increase efficiency with new DMS in 2016	X	X	X			X	X	X	X	X	All
8. Exceed FMC product & skills certification	X	X	X		X	X	X	X	X	X	All
9. Compliance processes in place with audits	X										S
10. Continue effortless customer svc. training	X	X	X		X	X	X	X	X	X	All
11. 3 year process & system review	X	X	X	X	X	X	X	X	X	X	All
12. Analyze opportunities to improve employee engagement	X	X	X		X	X		X	X	X	WF,C,S
13. Improve empl. engagement w/Socialcast	X										WF
14. Improve new employee on-boarding	X	X	X	X	X	X	X	X	X	X	WF, C,Co,S
15. 3rd party sales & service training	X										WF,C
16. Re-engineer new employee orientation	X										WF
17. ACA & benefits review, look at Mayo	X	X	X				X			X	WF,S
18. Coordinate projects with the highest impact		X		X					X	X	WF,S

Stakeholder Legend: WF= Workforce, C=Customer, F=Ford, Co=Community, S=Stakeholder

Figure 2.1-2 Strategic Challenges, Strategic Objectives, Goals & Stakeholder Impacted



Key Strategic Objective	Action Plans (Month/Year) to Accomplish Objective
1. Message delivery approach for advertising	1. Monthly meetings w/Graham Oleson & sales & service to address & coordinate marketing across all lines. 2. Build branding spots to TV & digital medias Weekly based upon plans. 3. Annual plan meeting (Complete). 4. Team Velocity follow up on truck prospects for Truck Month (3/16) 5. 20th anniversary video clips during FD1's anniversary month (3/16).
2. Digital changes in delivery	1. Optimize digital spending & social platforms through MotoFuze, Team Velocity & Naked Lime (weekly). 2. Implement new CRM system (1/16). 3. Sample FuzeCast for sales consultant branding (1/16). Final FuzeCast roll out to those who want it (3/16).
3. Continue product knowledge training focus	1. Continue using Ford Certification process (on-going). 2. Develop bi-weekly walk around plan by team (2/16). Walk around contest (6/16). 3. Monday morning meetings w/ iPad training (monthly).
4. Increase sales capability & capacity	1. Track weekly as we add & people leave (on-going). 2. Attend job fairs (on-going) 3. Refresh Career Builders posting (6/16). 4. Evaluate & determine next steps for under- performing sales consultants based upon DCF Core Values match, Productivity & VOC (3/16). Determine a millennial approach, determine what they want, use millennial in the determination (12/16).
5. Increase tech. capacity all locations	1. Increase QL staff for retail. 2. Increase apprentice technicians. 3. Pull from Hobbs & CNM & RRHS/help them w/ their tool cost. 4. Apprentice Program (Asset). 5. Get 2 more techs (6/16).
6. Balance Service Advisor productivity	1. Ensure staffed at sufficient levels monthly. 2. Ensure trained on sales & effortless customer service.
7. Increase efficiency w/ new DMS in 2016	1. Request Quotes from Dealer Built/Light year, CDK Global & Reynolds (Complete). 2. Review quotes & select vendor (Complete). 3. Implement in 2016.
8. Exceed Ford product & skills certification	1. Continue to monitor weekly & monthly in the 20 Group meetings (on-going). 2. Adjust bonuses accordingly based upon certification levels (6/16). 3. Discuss the importance of everyone taking their training in the CEM bonus explanation (on-going)
9. Compliance processes in place w/ audits	1. Continue to audit AXZD deals for compliance w/ risked based pricing. 2. Implement Compli training for various compliance items & monitor completion of tasks (12/16). 3. Used Car Buyers Guide/part of used car recon process (Complete). Develop a process (Complete). 4. Develop a list of policies & procedures which require periodic audit to determine compliance, use the FMCC template as a guideline (in process). 5. Hold a quarterly meeting Kirk & Lee (quarterly).
10. Continue effortless customer service training	1. Read the book (Complete). 2. Provide initial training w/ the service advisors & key staff at Hyatt Tamaya (Complete). 3. Monthly/quarterly follow ups & tweaking the behaviors using the EPIC Advantage & Servant Leadership. 4. Continue to reinforce positive comments from customers in Socialcast (on-going). 5. Re-assess progress & needs for 2016 annual planning (Complete). 6. Hold another service advisor meeting (6/16).
11. 3-year process & system review	1. Review the 31 Systems of Baldrige (4 per month) (4/16). 2. Review a key process per week (on-going). 3. Visit Park Place Lexus again in 2016.
12. Analyze opportunities to improve employee engagement	1. Opportunities identified for Accounting, Allstate, Body Shop, business office & QL Coors. 2. Ensure Dawn has time dedicated to working w/these managers (each visit). 3. Work overall as a dealership on the questions for teamwork: "Same team same goals", "I trust my co-workers", "My teammates make doing my job easier," & "My dept. works well w/ others" (on-going).
13. Improve employee engagement w/Socialcast	1. Socialcast launch to managers (Complete). 2. Train managers (Complete). 3. Engage remaining employees w/positive comments from customers (on-going). 4. Add to CEM 2016 bonus (Complete).

Figure 2.2-1 Key Short- & Longer-Term Action Plans

Key Strategic Objective	Action Plans (Month/Year) to Accomplish Objective
14. Improve new employee on-boarding	1. Initial draft (Complete). 2. SLT approval (Complete). 3. Deploy (Complete). 4. Add new employees to Socialcast with 3 things about them (in process). 5. Review Recruiting & Hiring Process, including on-boarding (6/16).
15. 3rd party Sales & Service trainers	1. Next Level For Service Advisors (3 times per year). 2. Service Group for Sales (monthly coaching, started 2/15). 3. Sales managers do daily reminders from the Service group training (Daily). 4. First half of 2016 schedule set (Complete).
16. Re-engineer new employee orientation	1. Initial draft with Andy (Complete). Do we do it by core values? Add Servant Leadership & premier dealership (Complete). 2. Review with SLT (Complete). 3. Deploy (Complete).
17. ACA & benefits review, look at Mayo	1. Continue to meet with Access Financial personnel on ACA compliance. 2. Confirm with REYREY compliance with ACA Reporting requirements & implement process to gather & input data (Complete). 3. Review PTO, vacation & 401k plans for 2016 (Complete). 4. Get Mayo Healthcare in place (Complete). 5. Hold employee town hall (Complete). 6. Continue reviews in 2016 looking at 2017.
18. Coordinate projects w/highest impact	1. Track each team's BPR agains community needs (on-going). 2. Meet monthly to review funding requests. 3. Launch annual United Way campaign (12/16).

Figure 2.2-2 Human Resource/Societal Short- & Longer-Term Action Plans

rated the Best Ford Dealership to Work For (Engagement and benefit evaluation) in the nation. This innovation has been a key reason for this significant improvement accomplishment. Deployment includes communicating with key suppliers and partners for their integration with the action plans and strategic objectives in meetings and via electronic methods.

Daily, weekly, monthly, and annual 20 Group/BPR performance reviews (Step 12) with DCF's managers and SLT ensure that the ongoing assessment of the annual plan facilitates progress both for short-term impact and longer-term sustainability (Figure 4.1-3). As a small business, planning is agile and adjusted to reflect changing economic conditions, customer preferences and sustain the action plans.

2.2a(3) Resource Allocation The action plan and financial budget are presented for review (Step 9) with other resources needed to accomplish the action plan steps. The action plan is then either approved by the SLT or not. If approved, resources are allocated to the SLT champion's department. The agility of DCF allows for continuous evaluation of how supporting action plans impact current obligations

The associated risks are addressed in the review. The highest risk associated with the action plan is weighed against accomplishing the annual plan. Resources are balanced by the SLT in weekly meetings and monthly reviews (Steps 11 and 12). When a conflict in ability to meet action plans occurs, the SLT prioritizes those with the highest goal impact and the



stakeholders requirements and expectations.

2.2a(4) Workforce Plans Figure 2.2-2 shows DCF’s key human resource plans for the workplace to accomplish the short- and longer-term objectives from the 2016 Annual Planning Process, with links to the strategic objectives in Figure 2.1-4.

Action plans for compensation and benefits are reviewed (**Step 11**) to remain competitive in a unique approach that our competitors do not do. In the 2006 SPP, researching affordable benefits cost led to getting the workforce involved in healthcare decisions in 2007. In early 2008, DCF’s healthcare provider submitted a 27% increase, so alternatives were presented to the workforce and families, who elected to change the healthcare provider. In 2010 another significant increase to 2011 premiums was proposed by the provider. DCF proposed an option to the workforce to increase the deductible amount to \$2,500 to keep premiums lower. DCF set up a health reimbursement account (HRA) that pays up to \$1,500 to offset employees out of pocket expense. This approach was again necessary in 2011 for 2012: the deductible was raised to \$5,000 and the HRA went up to \$2,500. DCF addressed these potential impacts in a proactive manner for the workforce and their families to live the core values of Family Values and Continuous Improvement. The mandate of the Affordable Care Act caused costs to continue to rise. In 2016 to support innovation and provide our employees a better healthcare plan, DCF became the first company in New Mexico to contract with Mayo Clinic Health Solutions. This self funded plan provides an in depth analysis for each member

of their medical care and medication to improve health and wellness and control cost.

DCF addresses potential impacts on workforce members and workforce capability and capacity by balancing reacting quickly in a tactical way or cautiously in a more strategic approach. When potential impacts are identified the SLT does an informal risk assessment to identify if resources (people, money, equipment) are available, if there is a longer-term or short-term impact, and how it will impact the KSDs.

2.2a(5) Performance Measures Key measures (KSDs) and indicators for tracking progress across all key deployment areas relative to DCF’s action plans are in Figure 2.2-3 with alignment to the strategic objectives in the first column (parenthesis) and strategic advantages plus impact on stakeholders. Organizational alignment is ensured by SLT participation in the review process, which addresses all areas of the business focusing on the KSDs.

2.2a(6) Performance Projections Figure 2.2-3 shows DCF’s KSDs with alignment to the short and longer-term goals and four supporting drivers (linked to strategic objectives and/or strategic advantages [SA] in Figures 2.1-2, 2.2-1 and 2.2-2), current performance as of December 2015, 2014-2015 trends (% change or raw number), comparisons to local competitors or comparables like the 20 Group comparisons and benchmarks, Baldrige small business winner PPL and projections for short- (2016) and longer-term planning time horizons. The projections are determined during annual and strategic planning

KSDs (Figure 2.2-1 & 2.2-2 Linkage & Strategic Advantage)	Current Performance as of 12/2015	DCF Trend	Comparison to Competitors (Growth 2014-2015)	Comparison to Benchmarks	2016 Performance Projection	Longer-Term Performance Projection (3 Years)	Stakeholder Impacted				
							WF	C	CO	F	S
Safety	98%	+7%	N/A	Top Decile	95%	95%	X	X	X	X	X
Sales Loyalty & Service Loyalty (1, 2, 3,4,8,10 + SA: CCS)	72.8% 67.4%	+6%/ +5%	+1%; +1% (Region)	+1%; +1% (CVP Grp)	74% 68%	75% 70%	X	X		X	X
Volume (\$s) (1-10, 15)	\$125M	+9.5%	+8% (FD2) +13% (FD1)	+14.4% (20 Grp)	+5%	+10%	X			X	X
Gross (Profit pre tax) (1-10, 15)	\$2.8M	+14.2%	+10.9 (FD2) + 8.6% (FD1)	+9.6% (20 Grp BM)	+5%	+10%	X			X	X
Productivity: Gross Per Employee/Month (4,5,6,7,14,15)	\$8,585	+2%	+7% (FD2) +10% (FD1)	+5% (Bmark)	\$8,750	\$9,000	X		X	X	X
VOC Score (3,4,6,8,10, 12,15 + SA: CCS)	85	N/A	72 (FD2) 75 (FD1)	83.1 (20 Grp BM)	88	88	X	X		X	X
Training (Hours/Emp.) (3,8,9,10,16 +SA: EE)	71.2	+45%	*	50 (PPL)	60	60	X	X		X	X
Employee Sat/Eng CEM NES (12,13,14,17+SA: EE)	71	+34%	*	+17%	60	70	X	X	X	X	X
Community Partnerships (Hours volunteered/per emp.) (18+ SA: CP)	30	Sus-tained	*	It's DCF 47	40	40	X	X	X	X	X
Process Improvements (Baldrige Systems) (9,11 12,14,16+ SA: SQS)	87% Green	+4%	*	None	Sustain 80%	80-90%	X	X	X	X	X
Sales Market Share (NVS&UVS) (1, 3,4,8,15 +SA:CCS/SQS/CP/EE)	31.1%	+8%	FD2 24.7%	FD1 44.3% (-1pt)	33%	35%	X		X	X	X
President's Award (All+ SA: CCS)	Won (13 of 17 yrs)	+1 yr	1 of 17 yrs (FD1& FD2)	It's DCF	Win	Win	X	X		X	X

WF = Workforce; C = Customer; Co = Community; F = Ford; S = Shareholders; NT = Not tracked; * = Top competitors do not track/not available; N/A=Not available

Figure 2.2-3 Performance Projections for Short- & Longer-Term Planning Horizons



based upon a review of current performance, stakeholder expectations, economic conditions, comparison to competitors, and benchmarks. Blue shading indicates DCF is the benchmark, green indicates DCF is performing better than the comparison or benchmark, and yellow indicates performance better than one of the two comparisons or making progress.

DCF reviews progress to ensure projections are being met by holding weekly, monthly, quarterly, and annual reviews across key deployment areas. Current or projected gaps are addressed by defining the gap as a strategic objective with a corresponding action plan and assigning an SLT member to lead the plan. A necessary adjustment can be made to increase or decrease the projections based upon the market, which has been challenging since 2008 but improving due to economic conditions.

2.2b Action Plan Modification

If circumstances require a shift in plans and rapid execution of new plans, a streamlined and efficient modified plan is established and necessary resources are allocated. A timeline is set for further review with the option to return to the original process or incorporate the new process as part of continuous improvement. Modifications are analyzed for consistency with the overall strategic plan. For example, as the economy improved DCF began adding sales staff to increase sales in late 2011. DCF was back to full sales staffing (3 teams) in 2012 at the main sales location (DCF went from 3 to 2 full sales teams in 2009 during the recession), is rapidly adding sales staff, and recently hired an additional Sales and Finance and Insurance Manager.

been compared to a southwestern art gallery. When customers enter the dealership they are welcomed, offered popcorn, a cold bottle of water and invited to look around as well as offered assistance, which ultimately puts them at ease. This is very different in comparison to most dealership atmospheres.

We listen (1), analyze (2 & 3), improve performance (4 - 6), improve listening (8 - 10), and improve design and planning (11 & 12) through our Customer Communication and Response System in Figure 3.0-1. This system provides 2-way communication with the SPP (Figure 2.1-1) and is integrated with current and future organizational the needs in Figure P.1-5.

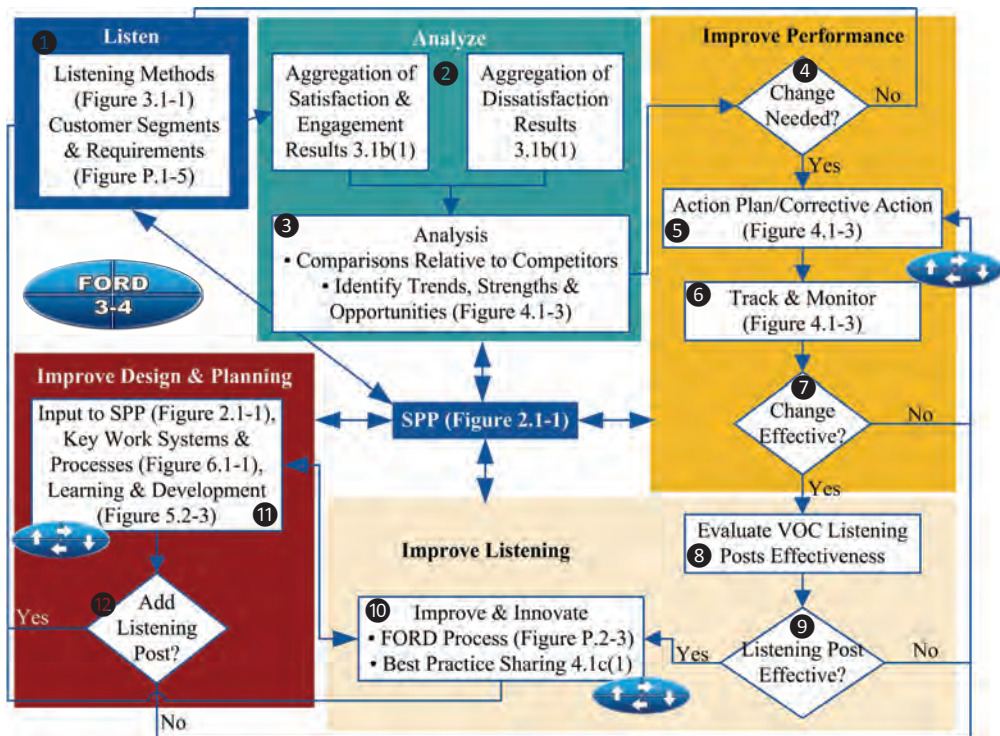


Figure 3.0-1 Customer Communications & Response System

3.1 Voice of the Customer **RV RP RS**
3.1a Customer Listening

3.1a(1) Current Customers DCF listens to current customer groups and market segments through established listening methods (Figure 3.1-1). Through surveys, emails, text messages, direct mail pieces, social media and DCF websites, the dealership is able to gather actionable information from customers. DCF provides an opportunity in every e-mail sent for the customer to provide suggestions. Each piece of correspondence clearly states that the dealership values their feedback and thanks them for being a DCF customer. Also, a “Contact Us” option is available on each DCF website with a chat opportunity available to immediately assist customers.

Both at the dealership and in the community, DCF engages current and potential customers to obtain information about their key requirements, expectations, and desires. Through face-to-face communication, DCF’s presence in the community is consistently reinforced as one of the key reasons people choose DCF over the competition. FMC’s refusal of the government bailout is also a consistent topic of discussion and pride for us.


MotoFuze is a third-party follow-up service that DCF uses for NVS, UVS and M&R customers after their experience. Customers are contacted via e-mail for feedback with a direct link to the Customer Relations Manager. NADA 24 is a third-

3: CUSTOMERS

“I’ve purchased three Lexus and they never invited me to an owner clinic to get reacquainted. Don Chalmers Ford has surpassed my expectations. I’m telling all my friends.” This review exemplifies DCF’s approach to becoming a premium dealer and providing customers with an experience that results in them becoming advocates. Founded with a customer-centric culture, DCF’s mission of *Growth through Customer Loyalty* is best displayed through customer testimonials like these.

DCF’s mission is not just a slogan on the wall; it’s a way of life that permeates **The DCF Experience** to increase satisfaction, build loyalty, and enhance customer engagement. Everything from the atmosphere to the customer’s first impression all focus on customer satisfaction resulting in a very comfortable and enjoyable customer experience. For instance, customers are greeted rather than being intrusively rushed by a salesperson. This process ensures that no customer is overlooked and that each and every customer feels valued. Aside from that, the entrance to the dealership is anything but typical. In fact, it’s



 Listening Method	Current Customers				Other Customer Types		
	Sales		Service		F	P	C of C
	Market Segments						
	NVS	UVS	M&R	BR			
Face-to-face	X	X	X	X	X	X	X
Digital Marketing (FuzeCast)	X	X	X		X	x	x
MotoFuze/Dealer Rater	X	X	X				
Two-Way Calls, Texts & Emails	X	X			X		
NADA 24 Follow-up				X			
CVP Survey	X		X				
Postcard Satisfaction Survey		X					
DCIS Survey (AES) Allstate	X	X					
Reputation Management (SM)	X	X	X	X	X	X	X
Digital Presence (SM+)	X	X	X	X	X	X	X
Community Events/Outreach	X	X	X	X	X	X	X

F = Former, P = Potential, C of C = Customers of Competitors
 DCIS = Don Chalmers Insurance Service, SM = Social Media

Figure 3.1-1 Listening Methods

party company that contacts Body Repair customers via phone to gain feedback on their experience.

Through the use of consumer review websites such as Yelp, Google+, DealerRater (Figure 7.2-2), and Cars.com, we gather additional actionable information from customers. This very public information is referenced by potential customers and customers of competitors to influence their decisions for or against being a DCF patron.

DCF has a world-class approach to utilize social media and digital technologies to engage customers at all stages of the customer life cycle (Figure 3.2-3). Through media such as Facebook, Twitter, YouTube, Google+, and DCF website, we encourage engagement with customers. We subscribe to the 4:1 Reciprocity Rule: providing content that customers feel is useful and beneficial four times before asking for anything in return. For example, DCF posts helpful information like maintaining vehicle health, tips for improving gas mileage, ticket giveaways to upcoming community events, and the latest in vehicle technological advances before posting the latest service or sales special on social media platforms. Positive posts are responded to as well as negative posts which DCF takes offline. Social media effectiveness is monitored by Reputation Management (Figure 7.2-3). We use technology such as FuzeShield (MotoFuze) to monitor each of the social media platforms for customer interactions to ensure responses to customers are timely. DCF also uses hashtags, check-ins, and mentions to monitor the Internet for customer interaction in order to respond to conversations happening outside the usual channels.

Using the Product and Work Process Design System (Figure 6.1-2) and FORD (Figure P.2-3) processes, the SLT discusses actionable information in the leadership and planning meetings, and other communication methods in Figure 1.1-4. Listening methods are used to obtain actionable information across the customer life cycle shown in red in Figure 3.2-3. DCF’s sales and service follow-up processes and surveys also supply actionable information. Concerns voiced by customers provide opportunities to integrate improved services to meet customers’ changing requirements and expectations. DCF’s

SLT and appropriate managers review the information for trends that indicate areas for improvement or to celebrate those areas that demonstrate good performance. Two-way, face-to-face communication with customers provides critical information to align customers’ purchasing and relationship needs.

To reengage with customers after their purchase, new and used vehicle owners are invited to attend an Owners Clinic, an innovation started in 2012. We give away up to \$1,000 in prize drawings including products and gift cards. New vehicle owner clinics are held monthly and used vehicle owner clinics are held quarterly. Customers meet, share a meal, and are introduced to the *Real Value* aspects of their ownership experience. The Parts and Service Director, Service Manager, Quick Lane Manager, Body Shop Manager, Director of Performance Excellence and the Accessory Manager attend. The Sync Concierge also attends to schedule appointments for a visit to the customer to address any concerns they have with their vehicle. MPG Green Clinics were added in 2013 to help customers learn how to drive their vehicle the most economical and eco-friendly way. Some of the tips provided are how to save gas, time of day to purchase fuel and the importance of keeping the vehicle maintained to manufacturers recommendations.

3.1a(2) Potential Customers DCF listens to former and potential customers and customers of competitors for feedback on products and services, customer support, and transactions primarily through social media and face-to-face conversations gleaned through community partnering (Figure 3.1-1). For example, a cycle of improvement for the service department was to add levels of oil change offerings. DCF originally offered one type of oil change, but after listening to the needs of the community, DCF decided to provide three different levels of oil change: Good, Better, Best – all still priced less than the competition and offering a greater value, but with differing options. DCF’s “Best” level oil change offers the re-refined “green” oil, and the dealership is a close-looped provider recycling all of its oil.

3.1b Determination of Customer Satisfaction and Engagement

3.1b(1) Satisfaction, Dissatisfaction, and Engagement Using the Customer Satisfaction and Engagement Determination Process (AOS), DCF uses multiple approaches including third-party follow-up systems and FMC surveys to determine customer satisfaction, dissatisfaction, and engagement for all market segments.

FMC provides quarterly Sales and Service loyalty to determine customer loyalty trends and comparisons to their market and region. This is the key measure for DCF to assess progress in achieving the mission statement of *Growth Through Customer Loyalty*. In 2015, DCF was the number one Ford Dealer in the Albuquerque market for sales and service loyalty (Figures (7.2-18 and 7.2-22).

Satisfaction for NVS and M&R is determined through FMC’s Customer Viewpoint (CVP) survey which provides a Customer Experience Index (CEI), also known as Voice of the Customer (VOC). The CEI is a net promoter score (NPS) based on six questions. Four questions measure satisfaction with the process, one for engagement, and one for advocacy. The NPS approach began in late 2014 to provide a more balanced outcome of the customer’s experience (Category 7 Examiner Note 1). FMC does not have a process to measure

UVS so DCF implemented an innovative approach to gather this important information. Customers receive a postcard in the mail that measures 5 areas: Level of Trust, Salesperson Knowledge, Salesperson Listening Skills, Overall Experience and Recommendation to Family and Friends. DCF compares their performance to PPL, the only benchmark available so the bar is set high. NADA provides a follow up service known as NADA 24 to determine body shop customer satisfaction and engagement.

The FMC CVP survey is emailed after the purchase or service to ensure actionable feedback is captured. Customers respond on-line but if they do not respond a reminder is mailed that directs them to the website. Results are immediately posted to the FMC website. The survey uses a 5-point scale with response choices ranging from completely satisfied to completely dissatisfied. Dissatisfaction is determined by any customer who provides a bottom 2 box (fair or poor) response. If that occurs, DCF receives a CVP snapshot indicating a customer concern to address. The Concern Resolution Process (Figure 3.2-4) is used to address the concern. FMC allows 10 days to resolve the concern and then sends a follow up survey to the customer on the process questions to see if the concern was resolved. If it was, the score is changed based upon the customer’s response. This change is new as of 2016 so there will be some variation in trends from previous years in the Category 7 results.

We measure NVS and M&R customer engagement from the CVP survey using the statement “I really love DCF” and the advocacy statement “I am always telling others about my great experiences at DCF.” UVS and BR engagement is measured by the statement “I would recommend DCF to my family and friends.” DCF’s philosophy is that a completely satisfied customer will become a loyal, repeat customer, more apt to refer family and friends. DCF offers a fee of \$100 to all customers who refer someone that buys a vehicle. For UVS customers, a “Thank You” letter is mailed within two days of purchase with a postcard survey for customers to fill out and mail back.

Many FMC dealerships do not have a Body Shop (BR), so FMC does not have a survey process for them. DCF uses the third party NADA to follow-up with a phone call (NADA-24). State Farm insurance company customers also provide customer satisfaction reports to assess DCF’s body shop. Customer satisfaction and engagement information is reviewed daily through the FMC website, post cards and NADA 24 feedback reports.

MotoFuze sends an email to our customers after their sales or service experience as an early warning to the CVP survey to determine the customer’s level of satisfaction. If a customer is not satisfied DCF receives an immediate email with the customer’s concern. The Customer Relations Manager coordinates a response. If the customer is satisfied they are invited to post their comments to a social media review site. Positive reviews or comments are posted on Socialcast (our internal social media site) for peer recognition for providing great service.

3.1b(2) Satisfaction Relative to Competitors DCF compares customer satisfaction and engagement relative to two other Ford dealerships in Albuquerque for NVS and M&R comparisons. FMC and the local competition do not measure the UVS customer satisfaction so DCF uses PPL as the benchmark.

For the BR market segment comparative data against national body shops are used.

Results of customer satisfaction are communicated daily in emails, the weekly and monthly meetings, on the monthly Driving Forward Report, and on bulletin boards. Comparisons are provided and improvement recommendations are requested in the Driving Forward meetings. DCF also retrains core processes in these meetings to reinforce **The DCF Experience**.

DCF is a member of a national benchmarking group of elite Ford dealers (20 Group) that receives a monthly third party report from NCM that includes CEI scores for industry benchmarks. The SLT meets monthly to discuss best practices of DCF’s performance compared to the 20 Group in FMC’s target VOC scores and individual managers, including VOC performance in the BPR reviews.

3.2 Customer Engagement 

3.2a Product Offerings and Customer Support

3.2a(1) Product Offerings DCF identifies customer and market needs and requirements for product offerings and services through the listening methods in Figure 3.1-1 and analysis of existing products and services in the SPP develop strategy stages (**Steps 4-8**). These steps address the identification and adaptation of product offerings to meet the customer requirements (Figure P.1-5) and exceed their expectations. An analysis is performed if new products and/or services need to be adapted to meet the customer and market segment requirements and expectations. Input for new products or services and to diversify the products and services also comes from the innovation management process (Figure 6.1-4) to find products that will exceed our customer’s expectations, provide a meaningful change in **The DCF Experience**, and increase customer engagement and loyalty. For example, customers were not telling us that they wanted us to offer insurance but the SLT balanced the intelligent risk involved with the benefit to the customer and the ability to increase our engagement with them. DCIS was formed in 2013, and DCF’s owner became a licensed Allstate agent based upon the analysis. In addition to the innovation management process, DCF utilizes Dealer 20 Group meetings and trade shows to identify potential product offerings to enter new markets, attract new customers and to create opportunities to expand the relationships with current customers.

3.2a(2) Customer Support

DCF enables customers to seek information and support through the key customer access mechanisms in Figure 3.2-1. We analyze where our key customer support strengths are and where there are opportunities to improve

Key Communication & Support Mechanisms	Customer	Community	Employees
Seek Information & Assistance			
Direct Contact	X	X	X
Web based (Facebook, website, social media)	X	X	X
Use Our Products & Services			
Purchase Vehicle	X	X	X
Maintain Vehicle	X	X	X
Repair Vehicle	X	X	X
Collision Repair	X	X	X
Allstate Insurance Services	X	X	X
VOC/Complaints			
In Person	X	X	X
Inbound call	X	X	X
Letter/Fax/Email	X	X	X
Follow Up Calls	X	X	X
Survey Process	X	X	X

Figure 3.2-1 Key Communication & Support Mechanisms



or add another support method. The requirements for customer support are communicated continually in department meetings.

Completely satisfying customers (CCS strategic advantage) is essential to DCF's mission: *Growth Through Customer Loyalty*. To encourage thorough process deployment, the entire workforce is eligible for two annual bonuses of equal amounts if DCF wins the FMC President's Award and meets the CEM bonus requirements. Employees can receive up to \$1,800 regardless of full or part-time status. Every employee receives the same bonus amount as long as they've been employed at the dealership for at least 12 months.

An example of innovation deployed in customer support is the addition of the Sync Concierge service. Customers can set appointments with the concierge at their preferred location and time to help learn the technology after they purchased their vehicle, making it *Real Simple* for the customer. Customers love this free service and respond very positively, **"When I purchased my last Cadillac they never offered this benefit. This is the best service I have ever had in my 30 years of purchasing vehicles."**

This approach not only provides a friendly DCF employee to assist in the understanding of how to use the technology, but is another approach to exceed the customer's expectations and create another touch point to promote loyalty. This approach is not offered by any of our competitors.

3.2a(3) Customer Segmentation DCF determines customer groups and market segments in the SPP, **Step 4**. This process includes a review and analysis of anticipated future customer requirements from data and information gathered from the 20 Group, FMC, NADA, and trade shows. DCF then determines which customer, customer group, and market segments to pursue through strategic and annual planning processes. This information is then aligned and integrated in the marketing plan as appropriate.

The NVS market segment (Customers who prefer a new Ford vehicle) is pursued using FMC factory incentives, rebates, stair-step, dealer cash, Retail Trade Cycle (RTC) and expiring leases to sell certain models. The UVS market segment (Customers prefer a pre-owned vehicle, all makes and models) reviews inventory levels and aging inventory for weekly advertising and uses vAuto to price vehicles below the average market sales price. The M&R market segment (Customers that need scheduled maintenance, warranty repairs, or non-warrantable retail repairs) utilizes extended service and maintenance plans to target customers who purchased extended service and maintenance plans. The BR market segment (Customers who have vehicles requiring vehicle body repair) uses insurance companies to provide customers based upon meeting the certification as a "direct repair program." This is granted to body shops that have met high performance levels of quality and timeliness.

Customer Groups are targeted based upon market best practices to meet the needs of current, potential and customers of competitors as identified in Figure 3.1-1. Digital advertising (the internet, video, e-mail marketing, social media engagement, DCF website, and customer review sites) all work together in targeting the market and customer segments. Direct marketing targets customers of competitors for defined geographic location, credit scores, and FMC provided lists. Market conditions addressing seasonal needs drive supply and

demand of parts and servicing, and fluctuating fuel prices impact sales of fuel-efficient vehicles. DCF has recently expanded its service base to include municipal fleet customers. Through subscriptions to municipal bid notification Internet sites, DCF has won the service contracts of several municipalities' fleet vehicles. Both DCF's successful reputation of conducting business with integrity and its prominent leadership in community philanthropy give customers added value compared to the competition.

3.2b Customer Relationships

3.2b(1) Relationship Management DCF builds and manages customer relationships systematically through the Customer Relationship System in Figure 3.2-2.

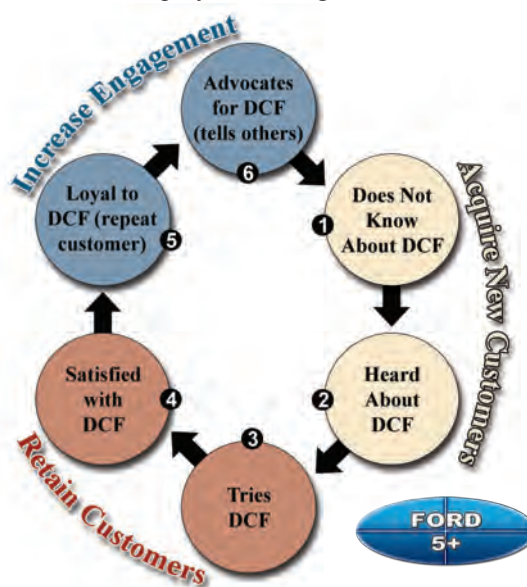


Figure 3.2-2 Customer Relationship System

In **Steps 1** and **2**, DCF focuses on acquiring new customers who don't know about or have never heard of us. In **Steps 3** and **4** DCF seeks to retain customers by meeting requirements and exceeding expectations. DCF increases engagement, loyalty, and advocacy with customers in **Steps 5** and **6**. Defined tools and practices are in place to move customers to the next stage in Figure 3.2-3. The effectiveness of DCF's efforts is determined through defined measures at each stage. Example: DCF's strong presence in the community results in increased customer awareness through community partnerships and referrals.

In 2010, DCF developed customer service standards to provide the expectations to all employees to consistently provide **The DCF Experience**. Every employee annually pledges to: 1) Answer calls with "Thank you for choosing Don Chalmers Ford"; 2) Greet all customers with "Welcome to Don Chalmers Ford"; 3) Practice "Under Promise, Over Deliver"; and 4) Say "Please" and "Thank You" in all customer and co-worker interactions. The process is trained in new employee orientation and deployed through a customer Service Standards pocket card.

3.2b(2) Complaint Management DCF manages customer complaints using the Complaint Management Process (AOS). Complaints are resolved promptly and effectively using the Customer Concern Resolution Process in Figure 3.2-4. This process is 100% trained to all employees in New Employee Orientation with an annual refresher to keep the process fresh

Stage (Engagement Level)	Tools Or Practices To Move Customers To the Next Level (Build upon each other)	Measure	Category 7 Results
1 – Doesn't Know About DCF (No clue)	<ul style="list-style-type: none"> Community events Referrals Advertising Social Media/Digital Presence 2-way communication Community partnerships Active Social Media Engagement Positive Customer Reviews 	<ul style="list-style-type: none"> Donated dollars & time Community Support Impact Survey Web-based analytics 	7.4-6 - 7.4-10
2 – Heard About DCF (Interest)	<ul style="list-style-type: none"> Same as above, plus... Online Review Sites like DealerRater.com Industry publications/media FuzeCast Balloon Fiesta hosting Face-to-face 	<ul style="list-style-type: none"> Bird Dogs (aka referral fees) paid Consumer ratings Reputation score Sales & Service traffic counts First appointment retained 	7.1-18, 7.1-23, 7.2-2 - 7.2-4
3 – Tries DCF (Confidence)	<ul style="list-style-type: none"> Same as above, plus... Owner Experience Clinics DCF mobile app CVP Survey Integrity (I&E Test) MVV- in place DCF Experience NADA 24 Concern Resolution Process Full service facility (Body Shop) Used vehicle laser frame check Opportunity for community partnerships Postcard Survey DCIS Survey 	<ul style="list-style-type: none"> VOC feedback & levels Owner Clinic satisfaction Privacy audits (Internal) Employee satisfaction Employee engagement Reputation Management 	7.2-1, 7.2-24, 7.2-25, 7.3-10, 7.3-11 & 7.3-12 7.2-4
4 – Satisfied with DCF (Integrity)	<ul style="list-style-type: none"> Same as above, plus... Loaner vehicles Service hours until midnight Targeted marketing 	<ul style="list-style-type: none"> Same as above Customer pay repair orders Oil changes per day Market share 	7.1-22 7.5-6, 7.5-7
5 – Loyal to DCF (Pride)	<ul style="list-style-type: none"> Same as above, plus... Increased trade-in value on DCF serviced vehicles 	<ul style="list-style-type: none"> Sales loyalty Service loyalty 	7.2-18 & 7.2-22
6 – Advocate for DCF (Passion)	<ul style="list-style-type: none"> Same as above, plus... Keep At This Level: Lifelong friends Employee retention FORD Process Leverage to Others: Referrals Community relationships Community partnerships 	<ul style="list-style-type: none"> Numerous community participation & leadership positions United Way participation 	7.4-6 & 7.4-7

Red = Listening Method (Figure 3.1-1) Green = Practices Unique to DCF

and we are dedicated to addressing all complaints quickly to recover the customer's confidence and enhance their satisfaction and engagement. When necessary, a FORD improvement project is implemented to avoid similar complaints in the future. For example, the Coors and Rio Rancho Outlet sales customers were complaining that they were waiting too long to get through the F&I process. DCF promoted a sales consultant to an F&I Manager position to increase capability and to work with these customers. Complaints have been reduced by 80% since this was implemented.

Figure 3.2-3 Customer Relationship System Tools & Practices

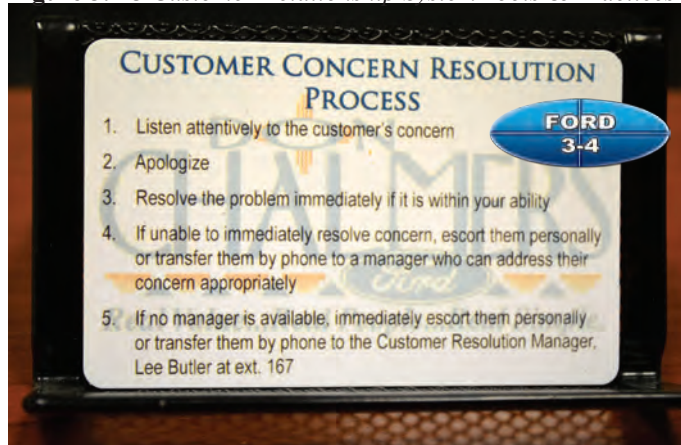


Figure 3.2-4 Customer Concern Resolution (Pocket Card) in their minds.

To ensure complaints are resolved effectively and promptly, the entire workforce is empowered to satisfy the customer's concern on the spot. Complaints are received in the customer satisfaction and engagement determination process and flow into the Concern Resolution Process. This is one of the first process employees are trained on in New Employee Orientation. Pocket cards with the process are distributed to the workforce during the training. Along with an immediate apology, employees have items like free oil changes and gift cards at their disposal to assist in minimizing dissatisfaction. DCF treats customer complaints as opportunities for improvement

4: MEASUREMENT, ANALYSIS, AND KNOWLEDGE MANAGEMENT

DCF's performance is systematically reviewed, benchmarked and improved. DCF's partner FMCC representative states that DCF's proactive approach to reviews of her account's data and information surpasses her expected support and engages her in the company's strategic goals and action plans. A satisfied and valued partner since the dealership began, she adds that "DCF is my favorite dealership (of over 100 in a 31 year career) because their community involvement gives me a place to belong as part of a team and including me in their leadership training."

Due to DCF's small organizational size, systems and processes are fully deployed, aligned, and integrated. FORD cycles of improvement show learning.

4.1 Measurement, Analysis, and Improvement of Organizational Performance **RV RP RS**

4.1a Performance Measurement

4.1a(1) Performance Measures The Data Selection, Collection, Alignment & Integration System (Figure 4.1-1) indicates how DCF uses data and information to track daily operations and overall organizational performance.

Data and information collection sources (Step 1) come from FMC, DCF's key supplier and includes FordStar training certification levels for sales and service, CEI/VOC, sales rebates, incentives, and results. M&R and BR information for Field

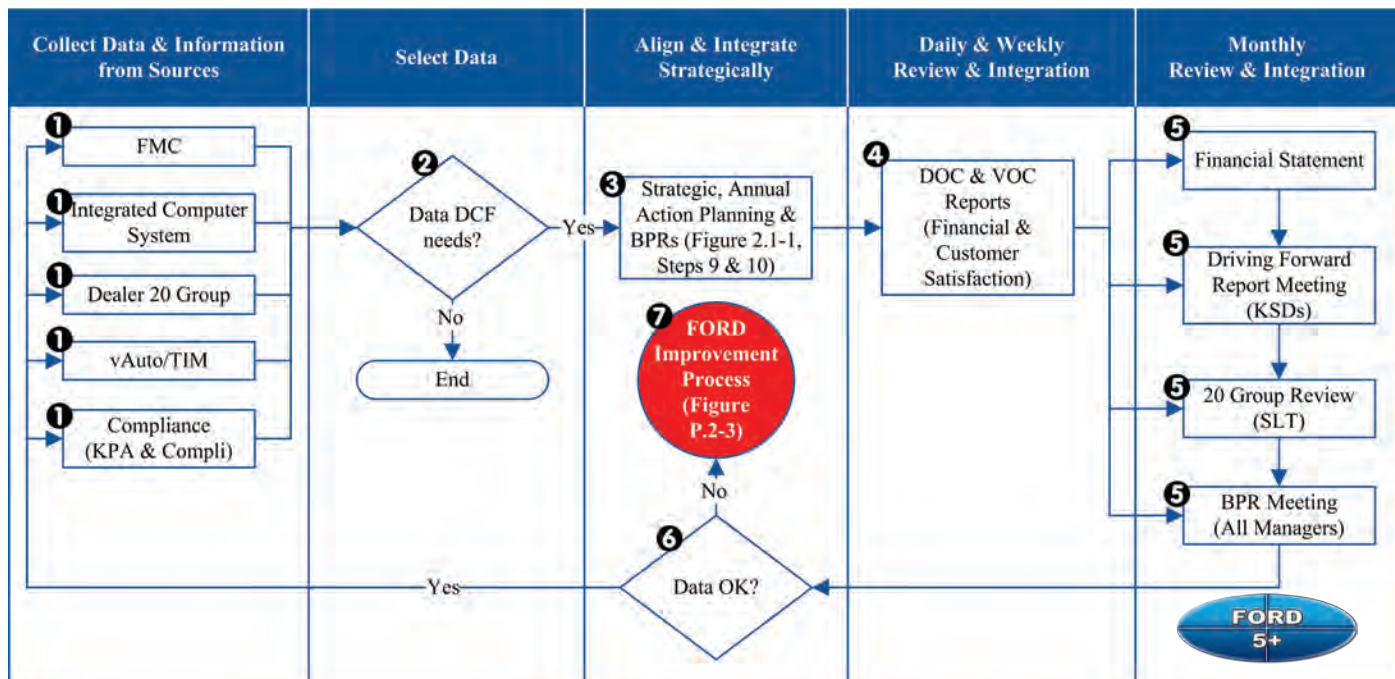


Figure 4.1-1 Data Selection, Collection, Alignment & Integration System

Service Action Recalls and current promotions are available. The integrated computer system (REYREY) provides reports from all program systems including accounting, finance, sales, customer relationship management (CRM), and sales prospect control. The Dealer 20 Group comparisons for financials, productivity, and customer satisfaction data are received monthly.

vAuto/Trade-in Marketplace (TIM) is an innovative approach added for used vehicle inventory management marketing, stocking inventory for pricing, and used vehicle market based pricing through Kelly Blue Book (KBB) instant cash offer to provide transparency for DCF’s potential vehicle buyers. Compli, a 2015 innovation, provides workforce compliance to policies and procedures segmented by department, and KPA provides safety, environmental and regulatory compliance.

Selection, alignment and integration of data and information (Steps 2 and 3) are deployed in conjunction with Strategic and Annual Planning processes short- and longer-term goals and action plans. The overriding principles are effectiveness in measuring performance, action-oriented, ease of acquisition and maintenance. A key decision is made: Is this the key data and information needed to assess progress toward the strategic objectives and action plans?

The outcome is daily and weekly integration reports (Step 4) including the REYREY generated Daily Operating Control (DOC) report, daily sales from local Ford division dealers, CEI from Customer Viewpoint (CVP), and Gary’s (GM) daily forecast.

To engage the workforce, monthly integration (Step 5) includes the monthly financial statement providing monthly and year-to-date information after the month closes in all business areas. The Driving Forward Report is provided to each employee as a key communication and engagement tool, recognized as a best practice by Automotive News, with a front page that includes “What’s Important Now” (WIN) information including status to bonuses (President’s Award and CEM), community events and monthly employees’

hire date anniversaries & birthdays. When opened up the center has the employee’s department BPR (stoplight colors assess progress to the plan and the previous year). As a cycle of improvement in 2012, the back page was added to increase engagement by asking the employees “What’s on your mind?” in the Driving Forward meeting. The manager documents the item and it is discussed in the monthly BPR reviews with the SLT offsite. The items are left on the back page until the item is resolved or the reason for not acting on the item is explained to the employee in a future meeting. Employees have generated over 500 opportunities for improvement (Figure 7.1-26) and employee engagement Net Engagement Score (NES) has increased from 24 in 2012 to 72 in 2015 (Figure 7.3-10).

DCF’s key organizational performance measures or Key Success Drivers (KSDs) are included in Figure 2.2-3 and include the key short- and longer-term financial measures of Volume, Gross, and Productivity.

4.1a(2) Comparative Data Figure 4.1-2 shows that comparative data selection starts with the output of the SPP (Step 1) with alignment to KSDs (Step 2). The SLT selects and ensures the effective use of key comparative data and information by reviewing available sources of information and data used (Step 3).

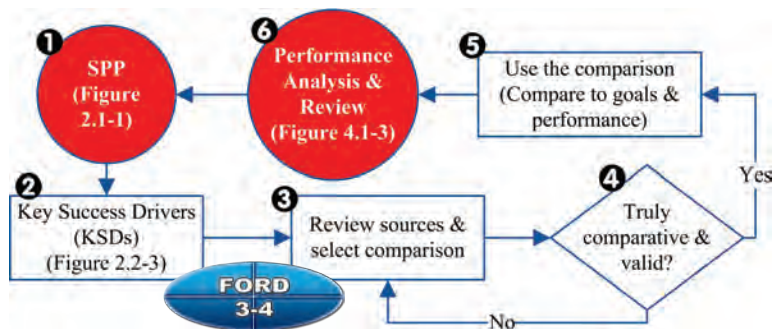


Figure 4.1-2 Comparative Data Selection System

Sources for comparisons include the 20 Group report, FMC, NADA, other Baldrige system users like Park Place Lexus (PPL), Midway USA, and AtlantiCare.

DCF determines if the comparison is valid in **Step 4** and of a similar customer requirement & process. Questions include: Are the comparisons available? Are they a best practice? Are they using quality approaches to manage their organization? Do the measures drive improvement and stimulate innovation? This is an important step; for instance, it may not be appropriate for a large volume dealership, like DCF, to compare customer satisfaction to a small volume dealership. The process and relationship building is very different. The comparisons are used to compare goals and performance (**Step 5**). The selected comparison is used (**Step 6**) in the performance reviews referenced in Figure 4.1-3 to support decisions that need to be made to sustain or improve performance.

4.1a(3) Customer Data Voice of the customer and market data and information are selected using the questions in **Step 2** of Figure 4.1-1, see 4.1a(1). The key sales VOC from FMC's Customer Viewpoint surveys is gathered during customer satisfaction and engagement determination process, see 3.1b. Results are segmented by individual sales consultants and the manager monthly, distributed with green, yellow, and red performance indicators based on the goal of a 93 VOC score. These results are ranked for all sales consultants and managers and distributed monthly for review, celebration and improvement. The same approach is used in service for service advisors (goal is 83 VOC and 90 for Fix It Right the First Time FIRFT). This data is used in the monthly 20 Group reviews to assess necessary operational changes. Example: some of the most highly skilled technicians, who receive annual bonuses to get certified to the Senior Master Certified level, have low VOC and/or FIRFT scores. In the DCF 20 Group meeting it was determined that this should be a decision point on their next bonus and ensure a more balanced scorecard. A FORD Process improvement team may be assigned to improve the process that is driving the score. Complaint data is segmented for trends when a score is declining or not improving. Data and information from social media connections is used to provide positive feedback to the employee involved in the interaction with the customer or to address a concern and get it resolved offline using the Customer Concern Resolution Process (Figure 3.2-4).

4.1a(4) Measurement Agility DCF's small business advantage ensures the performance measurement system is able to respond rapidly but thoroughly to unexpected/external changes, accomplished in the weekly leadership meeting, or by the appropriate SLT member immediately if needed, so the decision can be made and implemented. A new report can be generated and the BPR's or other reports are updated.

4.1b Performance Analysis and Review

DCF's process to review organizational performance, capabilities and assess on a daily, weekly, monthly, quarterly and annual basis is in Figure 4.1-3, as well as the analysis and decision made in the reviews. The 20 Group SLT meeting and monthly BPR manager meetings are the epicenter of DCF organizational performance reviews. Performance through the organization is reported and compared to the 20 Group data of FMC's highest performing dealers nationwide and the two local market competitors, FD1 and FD2. Actions from the analysis and reviews range from simple adjustments to get back on track, to broad-sweeping organization-wide decisions. DCF compares our market performance to dealers in large metropolitan

markets and are not part of corporate groups. The SLT reviews the key measures, including sales and service loyalty, market share, employee retention, training certification, and President's Award status. Every department manager presents their departmental BPR with progress for the previous month using a stop light approach to determine progress in meeting the SMART goals and action plans based on the annual plan and the previous year's performance. The stop light assessments for each of the KSDs: green = meet or exceed last year's and the current year's monthly and YTD plans; yellow = one of the two have been achieved and red = below last year and the current plan. Progress on achieving strategic objectives and action plans is addressed in **Step 11** of the Strategic Planning Process (SPP) in Figure 2.1-1 in the monthly SPP meeting held on the fourth Monday of the month.

Based upon the reviews a determination can be made if we are responding to the organizational needs and challenges of the operating environment. For example, Have our vehicle inventory adjustments improved the dealership's market share and the projected improvement in gross? If the progress is not as rapid as desired, the method of selecting, collecting, aligning, and integrating data (Figure 4.1-1) is reviewed for another measure that might assist in transformational change, organizational structure or work systems.

The SLT is the Governance Board and participates in our organizational performance reviews and the strategic objective action plan monthly reviews.

4.1c Performance Improvement

4.1c(1) Best Practices To improve overall performance, DCF evaluates outside best practices from the 20 Group book and meetings held with Gary by determining which member of the Group is the most like DCF. Two dealerships in the 20 Group best align with DCF's size and services offered, i.e like size in a multi point location and a single store corporate structure and are located in Jackson, Mississippi and Kansas City, Missouri. Quality conferences with Baldrige winners also supply best practices for implementation. For example, Gary implemented a best practice learned at the Quality New Mexico Conference from Park Place Lexus, 2005 Baldrige winner. He asks employees in the annual employee lunch, "What two things would you do if you were GM for a day?" When a best practice is determined in the BPR meetings it is noted and shared with the manager(s) that would benefit from the high performing department. The best practice is documented using the Product and Work Process Design System (Figure 6.1-2) for deployment and integration.

4.1c(2) Future Performance Analysis of current market trends and predictions plus the 20 Group comparisons in the targeted measure during the SPP (Figure 2.1-1, **Steps 8-10**) assist in determining future performance. When DCF makes progress, the target may get changed, stay the same, or be reduced based upon FMC data on forecasts of future sales and service.

4.1c(3) Continuous Improvement and Innovation Priorities for continuous improvement and opportunities for innovation are accomplished using the items listed in the "analysis to ensure valid conclusions" column and the resulting "decisions made" in the Organizational Performance and Capabilities Review (Figure 4.1-3), and specifically the back page improvements from the manager's monthly Driving

When/What	Who				Analysis to Ensure Valid Conclusions	Decisions Made		
	SLT	Sales	Service	Supt.				
DAILY	Safety		X	X	X	<ul style="list-style-type: none"> Trends/Variance to KSDs Review of Financial Performance Market Performance Customer Compliments & Complaints Work Process in process measures Social Media Posts 	<ul style="list-style-type: none"> Daily Operating Changes Retraining needed Social Media Responses Vehicle Pricing Customers for follow-up Performance Improvement 	←
	DOC	X	X	X	X			
	Sales in ABQ	X	X					
	Forecast	X	X	X	X			
	CVP/CEI	X	X	X	X			
	MotoFuze	X	X	X	X			
WEEKLY	Safety	X	X	X	X	<ul style="list-style-type: none"> Trends/Variance to KSDs Work Process in-process measures FordStar Certification Regulatory changes Current staff levels versus the need CEI score What's Important Now (WIN) 	<ul style="list-style-type: none"> Operating Changes Re• training needed Staffing/Recruitment Regulatory compliance Performance Improvement 	
	DOC	X	X	X	X			
	Staffing	X	X	X	X			
	Regulatory	X						
	CVP/VOC	X	X	X	X			
MONTHLY	Safety	X	X	X	X	<ul style="list-style-type: none"> Trends/Variance to KSDs goals & Comparisons & Benchmarks Status of back page improvements Status to SPP action plans Status to CEM Bonus Employee retention Capability and Capacity Baldrige Systems 	<ul style="list-style-type: none"> Reinforce safety & Regulatory compliance Customer Engmt & Sat Levels Reinforce / modify action plans Performance Improvement/Innovations Back Page Improvements Completed Operating & Budget Changes Business Development Baldrige Systems Maturity 	
	BPR (KSDs)	X	X	X	X			
	20 Group	X						
	Back page	X	X	X	X			
	Expense	X						
	Strategy	X	X					
1/4 LY	Loyalty	X	X	X	X	<ul style="list-style-type: none"> Sales & Service Customer Loyalty vs. ABQ Competition Safety committee trend analysis 	<ul style="list-style-type: none"> Loyalty Program Adjustments Adjustments to safety program Performance Improvements 	
	Safety	X	X	X	X			
ANNUALLY	Annual Plan Meeting					<ul style="list-style-type: none"> Evaluation of performance of entire year vs. plan & previous year Strengths & gaps in performance CEM and President's Award status Improvements Implemented Employee Retention 	<ul style="list-style-type: none"> Reinforce safety & Regulatory compliance Overall annual plan successes & opportunities Validity of Next Year's Plan President's Award Bonus 	↑
	Employee Engagement Surveys	X	X	X	X			

Figure 4.1-3 Organizational Performance & Capabilities Review

Forward meetings. Improvements and innovations that affect one of the Baldrige systems must be reviewed by the SLT, otherwise an improvement can be implemented by the process owner. For either path, the change goes through the Work Process Design Process (Figure 6.1-1) to ensure sustainability through documentation, evaluation and deployment.

Deployment of the priorities and opportunities are translated via the inProcess on-line process manual, BPRs, Socialcast, training, meetings and email. The meetings range from one-on-one to departmental, depending on who can impact the opportunity or priority. To enable effective implementation, incentives (contests, money, gift cards) may be used to support the decision by asking employees to log into the inProcess website to ensure that the change has been reviewed by the appropriate employees.

Priorities and opportunities are initially deployed to key suppliers, partners and collaborators through face-to-face meetings at the contracting stage, and/or electronically. Example: an approach to innovation is to include the FMCC partner in the monthly leadership training in 2012, engaging a key stakeholder and providing integration of the DCF values with a key partner critical to funding vehicle sales.

4.2 Knowledge Management, Information, and Information Technology

4.2a Organizational Knowledge

4.2a(1) Knowledge Management DCF's organizational knowledge assets are managed to create value for stakeholders as an approach to provide DCF advantages over the competition and align to **The DCF Experience** (Figure 4.2-1). DCF segments knowledge assets into 7 categories shown in **Step 1**: the "Fuel" for the dealership to use knowledge effectively.

Information comes from the Employee Handbook, Process Manual, Sales Reports, Sales Prospect Control, Fixed Operations Reports, Customer Feedback, Employee Comments, Employee Retention, benchmarking visits and the DVD F&I video brochures. Ideas come from the workforce, the SLT, FMC, key suppliers, the community, and benchmarking comparisons. Learning comes from reviewing performance data, skills development training, process training, analyzing outcomes, the internet, best practices, the workforce and the community. Understanding comes from what the workforce, customers, community, suppliers and partners internalize to deploy in action. Memory is contained in the databases, desktop PC's and the individual employee. Examples of Cognitive and Technical Skills are from FMC for product and technical training and certification of sales and service key roles, Service Group for sales skills and The EPIC Advantage for servant

leadership. The collection is the “Fuel Tank” (Step 2) or repository for the knowledge available for deployment and sharing. Compli contains the policies and procedures manual with mandatory annual compliance courses via a web-based system. The collection of employee knowledge, including best practices, takes place electronically in the computer system where information can be viewed in any location in the dealership, in meetings, training, and through print media. Customer, supplier, and partner knowledge is collected and logged into appropriate areas and is accessed by the workforce. The inProcess on-line process manual supplies work process knowledge, building the legacy of how the dealership meets stakeholder requirements and expectations and continuing Don Chalmers unique approach to serving all stakeholders. For example, the 8-Step Sales Process that Don Chalmers personally developed is documented in the inProcess web-based system for future members of the sales staff to learn how to sell a vehicle in DCF’s unique sales experience.

Learning is incorporated into the decisions made (Step 3) to determine who needs what knowledge to do their work, improve processes, products or services, develop innovative solutions from employee or industry knowledge to keep current with changing business needs, best practices and directions (Fuel Injection).

If a yes decision is made (Step 4), integration occurs through knowledge transfer (Transmission), via electronic transfer, on-line web-based systems, social media dashboard and posts, e-mail, and in daily, weekly, monthly and quarterly meetings to discuss progress. These meetings are departmental and/or total dealership depending on the knowledge to be shared. Written communication includes publications and memos to communicate specific knowledge. Legal employment and safety reminders are posted throughout the dealership in appropriate areas.

Organizational knowledge is gathered throughout the year for use in the strategic plan in Step 4 of the SPP (Figure 2.1-1), such as seeking input about Stakeholder requirements and expectations, and employee survey results. The plans and corresponding performance are well integrated and continuously reviewed. Example: the BPRs are available so the data needed to determine strategic gaps in performance are then transferred to the SLT for use in the strategic planning process monthly meetings. Innovation is approached in Step 6 of the SPP based on addressing strategic challenges and pursuing opportunities

that would fundamentally change what DCF does. Innovation management is performed using the process in Figure 6.1-4. Socialcast is an example of an innovation that allowed DCF to improve employee engagement by improving communication to the workforce. This innovation was driven by comments from the employee survey and has provided a leap in employee engagement results (Figure 7.3-10 and 7.3-12).

As an agile small business, DCF keeps organizational knowledge integration *Real Simple* by looking at the knowledge communities including Sales, M&R, BR, Administration, Accounting, Marketing, and Community, integrated through the REYREY system and on network drives where information is gathered and stored. Suppliers and partners can access information as needed or ask for permission to review certain knowledge DCF manages.

4.2a(2) Organizational Learning DCF uses the processes to use knowledge and resources and embed learning in the operation of the dealership. Most automotive dealers operate on memory and tribal knowledge. Everything at DCF, however, is a process. Over 300 processes are documented in the on-line Process Manual. With an insatiable drive to improve, when suggestions are found, or when using the FORD improvement process (Figure P.2-3), the first step is to see if the process needs to be updated or retrained. If so, it is updated and the changes are emailed to the owner who trains other users or re-training. This utilizes the knowledge and resources to embed learning in the way DCF operates and promotes learning as part of daily work, problem solving and best practice sharing. When a process is improved and innovated, it becomes part of the work systems and work processes (Figure 6.1-1) which are also improved through the FORD process. Learning is also embedded and spread through face to face meetings with the key stakeholders.

4.2b Data, Information, and Information Technology

4.2b(1) Data and Information Quality DCF verifies and ensures the quality of organizational data and information to ensure the properties through data and integrity checks at several levels of the information technology systems in Figure 4.2-2.

4.2b(2) Data and Information Security DCF ensures the security of sensitive or privileged data and information in sales through access control using technology like biometric entry into the sales room, all customer data is secured at night and providing shred boxes that are picked up by Shred-it, a trusted third party. The DPE performs periodic audits on the sales room after close to see if any confidential customer information was left out unlocked. If the desk is clean the employee is given a green “Thank you for protecting our customer’s information” but if there is customer information found it is gathered and

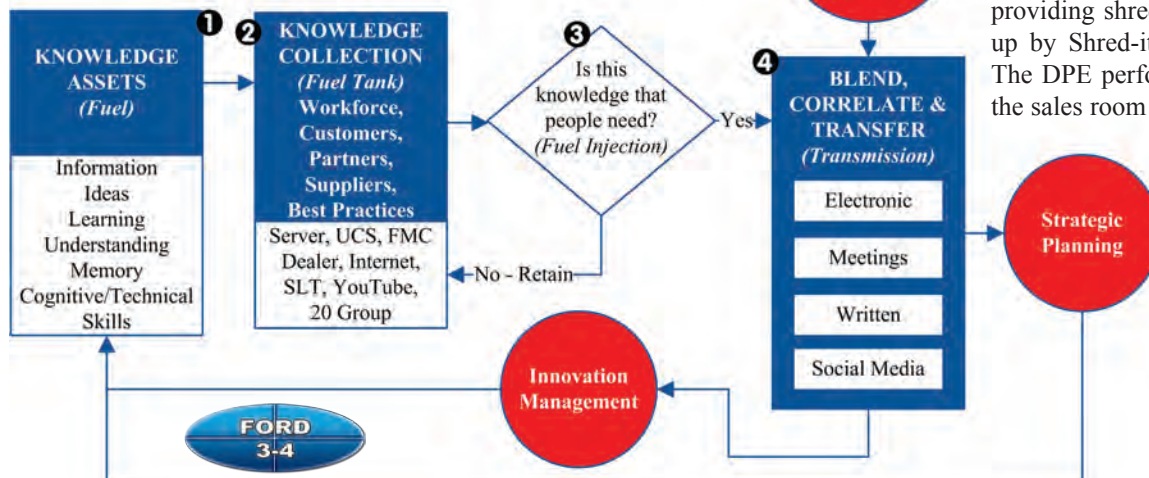


Figure 4.2-1 Organizational Knowledge Management System



Data Property	Data	Information
Accuracy & Validity	<ul style="list-style-type: none"> Drop down menus Required fields Standard reports Testing & validation 	<ul style="list-style-type: none"> Customer satisfaction F&I Video transactions Compliance audits
Integrity	<ul style="list-style-type: none"> Testing on REYREY Password protected REYREY online training 	<ul style="list-style-type: none"> Shred unneeded customer data iPad usage
Reliability	<ul style="list-style-type: none"> Data base backups REYREY tapes Disaster recovery plan 	<ul style="list-style-type: none"> Replace old work systems Response time
Currency	<ul style="list-style-type: none"> High speed lines Remote access Wireless network 	<ul style="list-style-type: none"> Ease of access Smart phone applications
Security & Access	<ul style="list-style-type: none"> Access based on role New password monthly 	<ul style="list-style-type: none"> ID theft Protection External audits
Confidentiality	System level access rights	Confidentiality of customer records

Figure 4.2-2 Ensuring Quality of Organizational Data & Information

given to Gary for retrieval and a reminder that this is not DCF's approach. All sales and service customer information is stored in the REYREY system which requires password access (changed monthly) and has regularly updated firewalls in place.

To address identity theft, potential customers who apply for credit to purchase or lease a vehicle must be verified due to FACTA and federal legislation. If a customer applies for credit, a system called 700 Credit runs a check on the customer and their information against a database retained by the Department of the Treasury, performs an identification match from a third party public record database, and checks against fraudulent or high risk databases. When an alert is raised in the system, the sales manager must clear the red flags by asking out of wallet questions the system provides. If the red flags are not cleared, the concern is raised to the Program Coordinator and appropriate law enforcement agencies are advised, if necessary.

The Systems Administrator (SA), with over site from Gary, oversees the cyber security of DCF's information systems. Our systematic approach includes physical security as well as systems security. Best practices are identified and implemented. Outside consultants are used on an as needed basis to supplement our knowledge and skill level. Specific security measures can be provided as requested.

4.2b(3) Data and Information Availability DCF data,

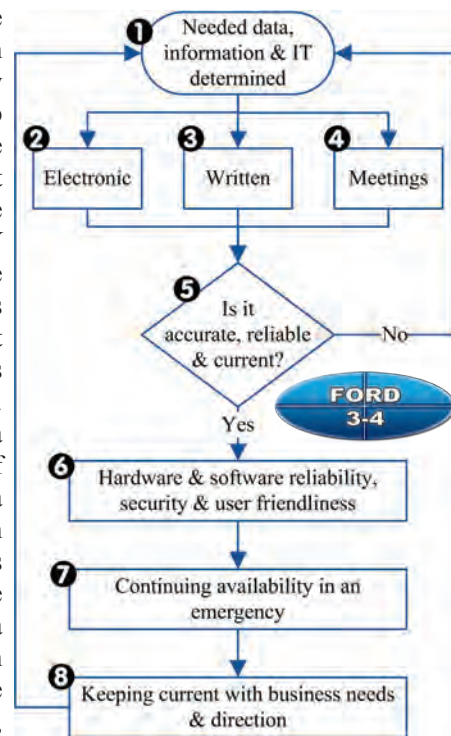
User	Data & Information	Accessibility	Source
WF	<ul style="list-style-type: none"> Work processes In-house reports, instant reports Sales productivity M&R productivity Technical information Driving Forward Report 	<ul style="list-style-type: none"> Web based Integrated system Hard Copy Printouts Sales productivity board Shop postings fincdealer.com Hard copy 	<ul style="list-style-type: none"> inProcess REYREY REYREY REYREY FMC's tech website REYREY, FMC
C	<ul style="list-style-type: none"> Repair order status Vehicle inventory General communication Social Media Owner Clinics 	<ul style="list-style-type: none"> Internet/e-mail/text Internet/e-mail/mobile app Internet/e-mail Cell phone & web-based In person 	<ul style="list-style-type: none"> REYREY DCF.com, DCF App REYREY, MS Outlook FB, TW, Google+ e-mail & phone invitation from sold vehicles
S/P/ COL	<ul style="list-style-type: none"> Services available General communication 	<ul style="list-style-type: none"> Internet/e-mail/in person Internet/e-mail/in person 	<ul style="list-style-type: none"> DCF.com, MS Outlook DCF.com, MS Outlook

* WF = Workforce, C = Customers, S/P/COL = Suppliers/Partners/Collaborators

Figure 4.2-3 Data & Information Accessibility

information, and accessibility for the workforce, suppliers, collaborators, and customers are in Figure 4.2-3.

The approach to ensure the availability, reliability, security and user friendliness is the data and information availability system in Figure 4.2-4. In **Step 1**, the data, information & IT are determined. In **Step 2** Electronic information includes: e-mail, REYREY, Socialcast, Trade in Market place and web based sites that support the dealership's operational requirements and needs. Written data and information in **Step 3** includes DOC, instant reports from REYREY, Bulletin board postings, the monthly Driving Forward Report, Employee VOC scoreboard, weekly advertising and promotions, monthly bonus sheet, and the used vehicle bonus list. In **Step 4** meetings data and information include monthly team Driving Forward meetings, customer feedback, community events for participation, financial performance, training plus FMC news. At this critical point, in **Step 5**, a determination is made if the needed information and/or data is accurate, valid, reliable and current by reviewing the source. For example: an Internet web search can provide



data and information sources on any topic. It's DCF's job to determine if the source is one that is reputable, like NADA, REYREY or Automotive News, that it is current and it supports the KSDs of the dealership. This provides a reliable source of data and information needs and builds quality into the system. If the data and information pass this test the system continues, when it fails, DCF

Figure 4.2-4 Data & Information Availability System

In **Step 6**, to ensure hardware reliability, maintenance agreements are in place for the REYREY hardware mainframe, Dealer Management System (DMS) and the Dell desktops. Software reliability is ensured by backing up the REYREY system every weeknight by the systems administrator and updating software with revisions from the software providers. The DMS backed up tapes are taken off site, replacing the previous day's tapes. Archival tapes are randomly selected and verified monthly with the supplier. The data and information stored on the server are backed up to tapes and disk at a minimum every month.

4.2b(4) Hardware and Software Properties

DCF has a full-time SA to ensure hardware reliability (Figure 4.2-3 **Step 6**). DCF has maintenance



agreements for the REYREY hardware mainframe, the Dell and Apple desktops. The SA ensures software reliability by backing up the REYREY system every weeknight and at least monthly back-ups for data stored on the server. The backed up tapes are taken out of the facility. DCF also burns two additional back up files for the integrated system with one copy being placed in a safe deposit box and one at the corporate office.

To ensure security, a firewall is in place to prevent and protect unauthorized access to data and information. It is updated regularly for virus protection and employees are encouraged to shut down and restart their computers regularly to ensure the most current virus and spyware protections are installed on their computers. High restriction is used for employees based upon their need for accessing the Internet to limit the opportunity for security breaches. To ensure user friendliness in hardware, desktops are included at work stations. Tablets (iPads) are provided to the sales consultants for ease of showing customers the key features and market value for their trade-in of the vehicle they are interested in purchasing. Future sales transactions by 2017 will be completely performed on tablets and desk tops will be removed from the sales room to increase user and customer friendliness. For software user friendliness, the dealership relies on change management with the suppliers of the software. For example, REYREY provides a periodic update to the software based upon input from users and technology changes. Most software suppliers have updates that are implemented and trained when available.

4.2b(5) Emergency Availability In Step 7, to ensure continued availability of data and information including the hardware and software systems in the event of an emergency the dealership has the backed up tapes for the mainframe available. In case of damage to the hardware the suppliers can overnight or counter to counter the necessary components. In most cases the dealership could be up and running in less than 24 hours. To keep data and information availability mechanisms current with business needs and technology changes and secure (Step 8) the dealership attends 20 Group meetings and NADA shows to learn what new technology is available in the industry. Also the software and hardware suppliers create changes and other modules that may meet the changing needs of the business.

5: WORKFORCE FOCUS

“I can’t tell you how great it is to have the tools I need to sell vehicles professionally. I have my own work station with an iPad and computer. At the other Ford Dealerships I worked at, we had 3 computers for the entire sales staff.” This comment, from a new employee who has been in the business for 27 years, is a great testimony to DCF’s commitment to providing the tools for workforce capability and capacity we need to be successful. Linking satisfied customers to satisfied employees is the guiding value for *Real People*. Through competitive compensation plus education, health and wellness benefits, and on-site family wellness clinic, this innovative investment in the continuous improvement of employees’ well-being links the aspect of *Real People* to stakeholders. *Real People* starts with the workforce. Leaders would never tell a customer they are second, but the focus on the employees (who are #1) enables DCF to completely satisfy customers and exceed their expectations. DCF aligns the *Real Simple* core

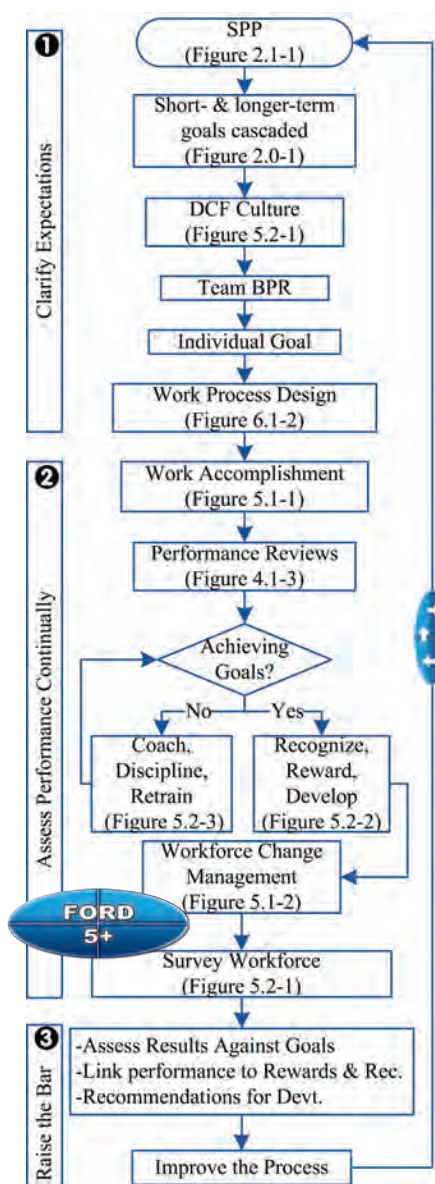


Figure 5.0-1 Performance Management System

clarifies expectations 1 to the workforce through integration with the SPP short and longer-term Goals cascaded to the teams through the departmental BPR then to the individual employee. Performance is assessed continually 2 against the goals. Performance that is meeting the expectation is rewarded and recognized. When the results are falling short, coaching, discipline, and re-training is used to help the employee get back on track. DCF raises the bar 3 by assessing results against the goals and determines any needed improvement and uses the FORD improvement process (Figure P.2-3) to guide the needed change as appropriate in the SPP.

Due to DCF’s small organizational size, systems and processes are fully deployed, aligned, and integrated. FORD cycles of improvement show learning.

5.1 Workforce Environment RP

5.1a Workforce Capability and Capacity

5.1a(1) Capability and Capacity DCF assesses workforce capability and capacity needs beginning with the HR needs from the SPP (Figure 2.1-1). Requirements are identified by reviewing the authorized positions matrix for current knowledge, skills, and competencies needed. An informal review of the skills, competencies, and staffing levels is performed to assist the

values in Figure P.1-2 with service to stakeholders by designing *Real Simple* quality processes. Innovation in the organization places DCF leading all US automotive dealerships with two highly distinctive features: a full-time Director of Performance Excellence (DPE), who is a Baldrige Senior Examiner, was added in 2001 to lead quality processes, training, integrity and ethics, and customer relations; and a Certified Nurse Practitioner (CNP) for the innovative on-site Wellness Clinic, now in it’s 14th year.

DCF’s Performance Management System in Figure 5.0-1 is the tuned-up (enriched, engaged, satisfied, rewarded, trained and healthy) engine that drives **The DCF Experience**. DCF

clarifies expectations 1 to the workforce

through integration with the SPP short and longer-term Goals cascaded to the teams through the departmental BPR then to the individual employee. Performance is assessed continually 2 against the goals. Performance that is meeting the expectation is rewarded and recognized. When the results are falling short, coaching, discipline, and re-training is used to help the employee get back on track. DCF raises the bar 3 by assessing results against the goals and determines any needed improvement and uses the FORD improvement process (Figure P.2-3) to guide the needed change as appropriate in the SPP.

Due to DCF’s small organizational size, systems and processes are fully deployed, aligned, and integrated. FORD cycles of improvement show learning.

5.1 Workforce Environment RP

5.1a Workforce Capability and Capacity

5.1a(1) Capability and Capacity DCF assesses workforce capability and capacity needs beginning with the HR needs from the SPP (Figure 2.1-1). Requirements are identified by reviewing the authorized positions matrix for current knowledge, skills, and competencies needed. An informal review of the skills, competencies, and staffing levels is performed to assist the

hiring process in selecting employees that can deliver **The DCF Experience** and match our core values and expected behaviors.

FMC has identified specific technical skills and competency levels for Sales and Service employees to achieve certifications. Support employees are required to possess relevant skills and complete assigned training identified by FMC and DCF based upon their job requirements (Figures 7.3-1 and 7.3-2).

Capacity is determined by the number of sales positions, work schedules, and technician bays. DCF continually evaluates staffing needs by economic outlook and employee productivity comparisons to the targeted 20 Group peers. Due to application space the Workforce Capability and Capacity System is AOS.

5.1a(2) New Workforce Members DCF recruits, hires, places and retains new workforce members by evaluating employees who can sustain and enhance **The DCF Experience** with recruitment dependent on open positions and skills required based on the capability and capacity approach in 5.1a(1). DCF recruits for specific job openings using internal postings on Socialcast, on-line job postings (like Career Builder), social media, referrals from current employees and strategic partners, attendance at local job fairs and recruiting at technical schools. Prior to hiring a potential employee, a background check and drug test are performed. The Career Builder process, an innovation implemented in 2014 to recruit employees who have not worked in the car business but have the values that match DCF's, was designed. This approach pays an hourly rate instead of the standard commission. The goal is to help the new sales consultant to provide for the family while they learn their new career. The employee has to meet identified levels of performance in 6-12 months based upon the circumstances. Employees choose to stay on the plan are approved as long as they meet their sales goals. One employee who started on the program has been promoted to a Finance Manager. Without the career builder program, DCF would not have been able to have her on our team. Where possible, DCF hires from the local community so the diverse ideas, cultures, and thinking are similar to the existing workforce community. Placement is based on open positions and skill sets.

New employees attend New Employee Orientation that reviews the key elements of **The DCF Experience**. A recent redesign from SPP action plan 16 in Figure 2.2-2 aligned the orientation to DCF's core values. Every new employee has homework involving the on-line process manual and sitting with their manager to learn how they are expected to perform their key processes. They also fill out their "How I Connect" sheet to personally connect to **The DCF Experience**. They meet with Gary to review their homework and ensure they are off to a great start.

5.1a(3) Work Accomplishment DCF organizes and manages the workforce as in Figure 5.1-1. The Annual and Strategic Planning Action Plans (Figures 2.2-1 and 2.2-2) are coordinated and integrated with the department managers along with the assigned resources, budget and goals in

Area to Address	Organize & Manage the Workforce to Accomplish the Work of the Organization
Accomplish DCF's Work	<ul style="list-style-type: none"> On-line processes for work by department (Figure 6.1-1) Continuous performance reviews (Figure 4.1-3) Monthly Driving Forward team meetings
Capitalize on DCF's Core Competencies	<ul style="list-style-type: none"> Integrity & Ethics pocket card, easy as 1-2-3 Closed Sunday for Family Values & rewards & incentives (Figure 5.2-2) Continuous Servant Leadership training builds desired habits
Reinforce Customer & Business Focus	<ul style="list-style-type: none"> CEM & President's award bonuses aligned to key goals Continuous training on concern resolution Focus on achieving the KSDs in BPR meetings Socialcast posts to reinforce positive customer feedback
Exceed Perf. Expectations	<ul style="list-style-type: none"> Pay & incentives based on high productivity Recognition among peers by managers

Figure 5.1-1 Work Accomplishment

their team BPR. The work and jobs are organized and managed to accomplish the work of the dealership by matching the work to the skills.

5.1a(4) Workforce Change Management DCF prepares the workforce for changing capability and capacity needs in Figure 5.1-2.

Gary (GM), Kirk (CFO), and Andy (PSD) meet weekly to review operating results and projections for future growth and market conditions. These results are reviewed and discussed weekly with the entire SLT. Any significant change in workforce growth would be developed broadly by managers and refined and implemented by the responsible SLT member and their managers.

5.1b Workforce Climate

5.1b(1) Workforce Environment DCF ensures and improves workplace health and security through the approaches in Figure 5.1-3. Health and Wellness training is provided for employees and their families through the on-site health and wellness clinic staffed with a Certified Nurse Practitioner (Nurse Rhonda). This innovation has been part of the dealerships commitment to family values for over a decade. DCF became

Area Managed	Process Used to Prepare the Workforce For Changing Needs In:	
	Capability	Capacity
Workforce needs	<ul style="list-style-type: none"> 3rd party training: Service Group, Servant Leadership, Ford CEM Coach & Next Level Service Continuous process training Authorized positions review monthly Current technology versus new technology 	<ul style="list-style-type: none"> Capacity planning for new equipment & tools Annual plan volume forecast Assessment of current results
Need for continuity	<ul style="list-style-type: none"> 20 Group meetings to review current market trends Consistent communication of The DCF Experience in the "How I Connect" sheet/ annual refresher 	<ul style="list-style-type: none"> Communication of the current & future Ford products in the monthly Employee Lunch
Need to prevent workforce reductions	<ul style="list-style-type: none"> SPP new products or services 	<ul style="list-style-type: none"> Gary's annual planning reinforcement of expectations
Organizational need to minimize impact of workforce reductions	<ul style="list-style-type: none"> Market review Product mix New product lines 	<ul style="list-style-type: none"> Verify right # of employees versus the budget Recruit existing employees
Prepare & manage periods of workforce growth	<ul style="list-style-type: none"> Cross-training Bench strength in key positions 	<ul style="list-style-type: none"> Career progression
Prepare for changes in organizational structure & work systems	<ul style="list-style-type: none"> Determine intelligent risk (Figure 6.1-4) 	<ul style="list-style-type: none"> Innovation process management (Figure 6.1-4)

Figure 5.1-2 Workforce Change Management



	Strategies Tailored to Work Environment	Key Measure/ Goal
Health & Wellness	<ul style="list-style-type: none"> Free on-site Health & Wellness Clinic for employees & their families Free flu shots Wellness screenings Support programs for weight loss, nutrition & fitness Annual health fairs \$1,000 bonus to stop smoking 	<ul style="list-style-type: none"> 100% workforce eligible % of non-smoking employees
Security	<ul style="list-style-type: none"> Video surveillance Biometric access to sales room Key fob entry to the building Guard shack controls lot entry/exit 	<ul style="list-style-type: none"> Reduction in thefts Safe & secure workplace
Access- sibility	<ul style="list-style-type: none"> ADA compliant Accessibility product options available for vehicles 	N/A

Figure 5.1-3 Workforce Climate (Unique to industry)

self-insured in 2016. We chose Mayo Clinic Health Solutions which actively promotes wellness with employees and their families by reviewing test results and health assessments, discussions with primary care physicians, and working one-

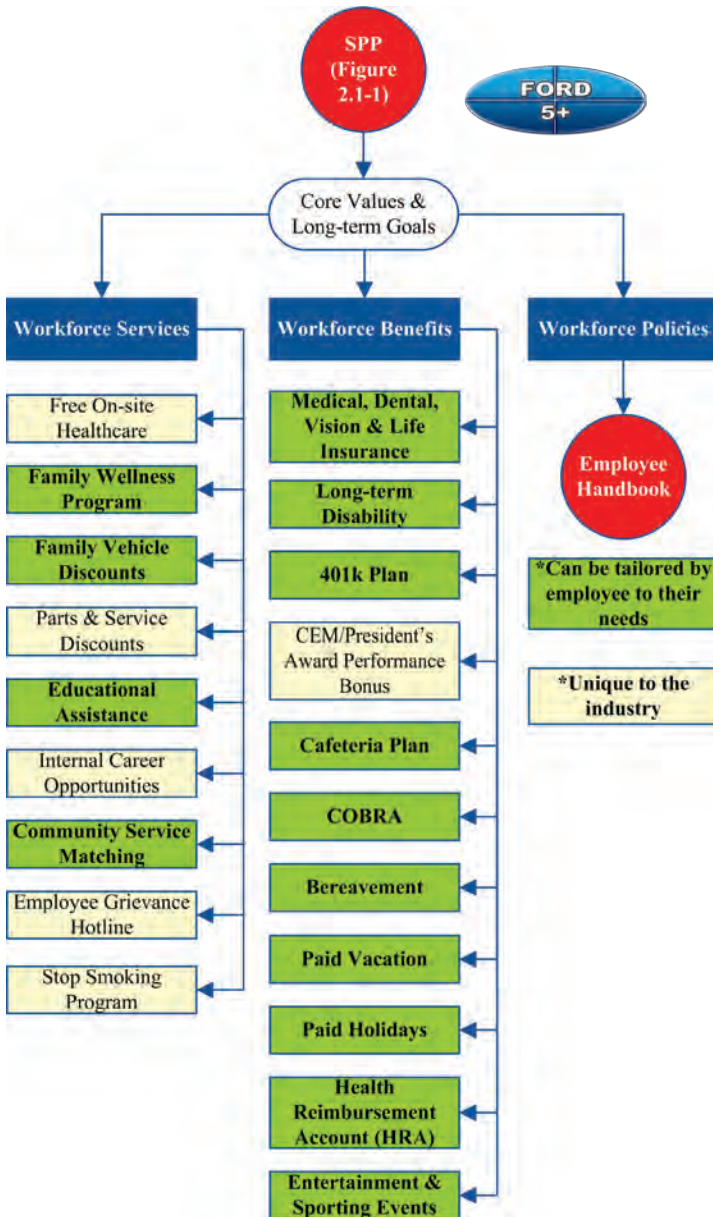


Figure 5.1-4 Workforce Benefits

on-one to determine any needed adjustments. DCF is the first company in the state of New Mexico to utilize the renowned Mayo Clinic for their health care management.

Security processes are generated from NADA industry guidelines and input from the workforce. Proactive security methods include 24-hour camera surveillance, dealership lighting, guarded entry for employee parking, and electronic keys that identify the employee's name when entering the dealership. Biometric fingerprint entry secures the salesroom which can be accessed only by authorized employees. Employee and customer accessibility meets the American Disabilities Act (ADA) guidelines. DCF also has options for customers to provide ADA compliant vehicles including wheel chair lifts.

5.1b(2) Workforce Benefits and Policies DCF supports the workforce via the services, benefits and policies to provide above-average benefits, see Figure 5.1-4. Green highlighted benefits can be tailored to employees' needs and align to the core values of *Outstanding Employee Satisfaction* and *Family Values*; yellow shaded items are unique to our industry. Reviewing health care benefits and keeping current with the Affordable Care Act (ACA) is accomplished in SPP action item 17 in Figure 2.2-2. Innovations (in line with perks usually found in organizations such as Google, American Express, and NBCUniversal) include an on-site Wellness Clinic that supports health and wellness of the workforce and their families, including acute care, wellness programs, immunization services, prescription services, and blood and drug screening services. DCF goes beyond providing healthcare to also promote wellness by offering incentives for the workforce to stop smoking (\$1,000) (Figure 7.3-8) and a weight loss program.

Due to the Monday-Friday schedule of key insurance company suppliers for collision work, the Body Shop (BR) is closed on Saturdays and Sundays. To establish that DCF's benefits program exceeds those offered in the auto industry, comparisons are made with surveys of competing dealerships (by AXCESS Financial). In a 2011 cycle of improvement, a Health Reimbursement Account (HRA) was added to offset health insurance deductible increases. The impact of the HRA is to effectively reduce the employee deductible without the employee's premium increasing.

Workforce services also include family vehicle discounts based on FMC's "D-plan" pricing to immediate family members, parts and service discounts, educational financial assistance, and internal career opportunities. An anonymous hotline is available for the workforce to voice concerns.

Workforce benefits include standard items like medical, dental and life insurance and legal items like COBRA unemployment insurance. The unique benefits DCF provides are a performance bonus (based on months of service during the plan year) tied to FMC's President's Award and the CEM bonus which rewards performance to key goals. Every employee receives the same fixed dollar bonus because all employees contribute equally in completely satisfying the customer. The CEM bonus, paid at Christmas, was \$600 in 2015. Employees and their families also have access to a night at the Albuquerque Isotopes games (AAA baseball affiliate of the Colorado Rockies), University of New Mexico Athletic events, the NM Stars (arena football team), and events (Concerts, Rodeos, Monster Trucks) in the DCF suite at the local Santa Ana Star Center. Annually, every employee is invited to attend the

employee lunch on their birthday month with the SLT (Figure 5.2-2).

Employee policies are in the Employee Handbook and follow recommendations from NADA, Compli, and benefit providers. The categories covered are General Information, Employment, General Policies, Pay and Performance, Leave Policies, and Benefits. The handbook is deployed in hard copy (every new employee receives a copy), the employee page on the web site, in Compli (Requires an annual acknowledgement that the handbook has been reviewed) and the on-line process manual.

5.2 Workforce Engagement **RV RPRS**

5.2a Workforce Engagement and Performance

5.2a(1) Organizational Culture To empower our workforce, DCF fosters an organizational culture characterized by open communication, high performance, and engagement through the LS (Figure 1.0-1 **1**). Every leader is trained to listen, role model the core values, and communicate to their teams. We use open and two-way communication in the approaches in Figure 1.1-4, resulting in a highly engaged workforce including a no-blame reporting culture for safety issues. Ensuring that our culture benefits from the diverse ideas, cultures and thinking of the workforce is accomplished by: 1) understanding the diverse nature of the stakeholder mix, 2) ensuring a no-blame culture, 3) providing career advancement opportunities to everyone and 4) promoting an environment that is transparent and open to employee input through the formal and informal approaches in Figure 5.2-1 **9**.

5.2a(2) Drivers of Engagement Determination of the key drivers of employee engagement (EE) **2** occur in the DCF annual confidential workforce survey **3**. Answers are segmented by managers and regression analysis is performed to find the key requirements and expectations identified in Figure P.1-5: 1) I want my work to be valued, 2) I want managers to be honest and fair in their treatment of employees and 3) I want employees to treat each other with courtesy and respect. Results are in Figure 7.3-15.

5.2a(3) Assessment of Engagement DCF uses informal and three formal approaches **3 9** to assess workforce engagement and satisfaction. Management by walking around (MBWA), team Driving Forward meetings and the birthday lunch are the key informal approaches. The three formal third party survey approaches are: 1) DCF “home grown” survey that has been in place since the opening of the dealership (Provides

levels and trends and comparisons against ourselves), 2) FMC’s CEM engagement survey provides a net engagement score (NES) which began in 2012 (Provides levels, trends and comparisons to FMC dealerships) and 3) Automotive News (AN) Best Dealerships to Work For (BDTWF) (Top 100 rankings and comparisons to Dealerships of all makes and models nationally). After receipt of the surveys, the SLT analyzes the responses to assess the greatest strengths and opportunities for improvement. Results are compared to the workforce requirements and expectations in Figure P.1-5 **6**. Gary communicates the results to the workforce through meetings, the Driving Forward Report and Socialcast **5**. The survey questions are the same across all departments. The results are segmented by department and team to allow managers to celebrate their successes and find areas to improve specific to their performance. Managers analyze their results against their BPR goals **4 6**, and communicate their results to their team. **7 9** SMART goals with action plans are developed and integrated into the manager’s BPR, and integrated with the KSD of “Improve Employee Satisfaction and Engagement” to sustain high performance and/or improve performance.

The monthly review provides DCF’s employee retention, safety, productivity and employee ideas for improving employee engagement. The back page ideas for improvement are segmented by the KSDs so the SLT can assess which ideas will impact the employee satisfaction and engagement KSD. Workforce retention by workgroup is assessed for the effectiveness in hiring, training, and developing employees. DCF chose to compare employee retention against luxury brands. Non-luxury brands, which Ford is considered, have low employee retention and average 26%, due mostly to salary discrepancies. DCF has high performance goals and wanted a better benchmark. The luxury brands have an average sales consultant retention rate of 59%. DCF’s 2015 sales consultant retention rate was 71.4%. Safety indicators are reviewed against the top 100 of KPA’s clients in DCF’s region and productivity against the goals determined in annual planning. Indicators from the results in the BPRs are stop light colored to assess performance against goals. If any area is red the SLT and the manager discuss action plans to improve performance.

5.2a(4) Performance Management Our Performance Management System (Figure 5.0-1) is systematic and supports high performance and workforce engagement by evaluating, compensating, rewarding and recognizing our workforce. This system is fully deployed, reviewed, and improved annually. Each step aligns with the MVV and SPP through a set of formal and informal processes. The system has 3 stages: **1** Clarify Expectations, **2** Assess Performance, and **3** Assess Results.

Three-quarters of our workforce’s compensation is based upon productivity and customer satisfaction goal achievement, so the outcomes are linked to compensation, recognition, and recommendation from their individual performances. Monetary compensation and non-monetary recognition are essential to create and sustain a high performing business focus, contribute to daily engagement, and achieve the annual plan performance goals. To keep the workforce engaged with the

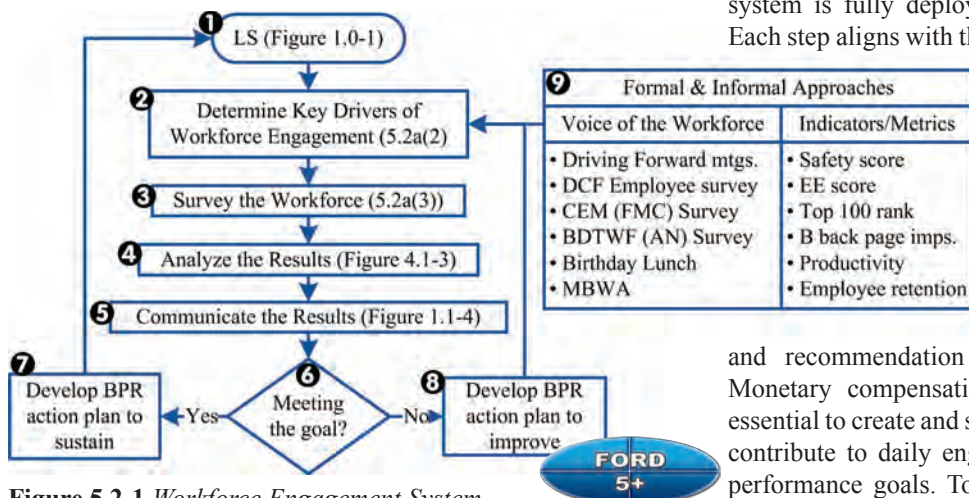


Figure 5.2-1 Workforce Engagement System




Title	Amount Paid	Who Is Eligible	How It Is Paid	Focus			
				I	C	B	F
FMC's President's Award	\$108,000	Workforce	Bonus Check	X	X	X	X
Consumer Experience Movement (CEM)	\$108,000	Workforce	Bonus Check	X	X	X	X
Isotopes baseball suite/ entertainment	\$73,000	Workforce by dept.	Free tickets & catered meal			X	X
Annual Manager Bonus	\$87,000	All Managers	Bonus Check at Annual Meeting	X	X	X	X
On-site health care & wellness	\$80,000	Workforce & family	Free health care in clinic	X		X	X
Christmas party/ Summer picnic	\$40,000	Workforce	Food, Gift Cards			X	X
Productivity/bonus sheet	\$36,000	Sales & Service staff	Pay Check			X	X
Vacation Trips	\$25,000	Sales Staff + Spouse	Airfare & Room			X	X
Lunches (Driving Forward team meetings & Saturday)	\$15,000	Workforce	Food	X	X	X	X
Master Technician certification	\$15,000	Technicians	Bonus Check	X	X	X	
March Forward	\$10,000	Workforce	Cash	X		X	
Quarterly sales	\$5,000	Sales staff	Travel Vouchers			X	
Stop smoking	\$4,000	Workforce	Bonus check	X	X	X	X
Christmas turkeys	\$4,000	Workforce	Frozen Turkey		X	X	X
Employee Excellence (FMC)	\$3,000	Sales & Service staff	Cash Spins, Trips & Gifts		X	X	
Use both D-Plans in a year	\$3,000	Workforce & family	Lower price	X		X	X
Driving Forward	\$2,000	Workforce	Gift Cards	X	X	X	
Safety Bingo	\$2,000	Workforce	Cash		X	X	
 Total >\$600,000		Per employee avg: >\$3,300		Unique to DCF			
I=Innovation; C=Customer; B=Business; F=Family							

Figure 5.2-2 Workforce Rewards, Recognition & Incentives

mission of *Growth Through Customer Loyalty*, all employees, regardless of position, receive the same CEM and President's Award bonus. The approaches to achieve innovation; a customer, business and family focus; and achievement of action plans through reward, recognition, and incentives are in Figure 5.2-2. Although family focus is not a Baldrige core value, DCF's engagement methods to support the core competency of "Family Values" are included. DCF allows employees paid time away from the dealership to participate in community activities in addition to paying the expenses for employees and their families to participate. DCF is not open on Sundays, providing the workforce the opportunity to spend time with their families. DCF's competitors are open on Sunday and it is a key sales day.

The bar is raised, as appropriate, based upon the capability and capacity of the workforce and the system is improved using the FORD improvement process.

The SLT has a clear focus on innovation and intelligent risk taking for innovation using **Step 6** of the SPP by asking "What is a challenge in our dealership, that if it could be done, would fundamentally change what we do?" and the Innovation Management Process in Figure 6.1-4.

5.2b Workforce and Leader Development

5.2b(1) Learning and Development System

Figure 5.2-3 shows our approach to address the workforce development and learning system factors, the organizational needs, and the personal development of workforce members, managers, and leaders. Led by the DPE, DCF's Workforce and Leader Development Training Program assists employees in learning the skills and methods needed to meet the mission of "*Growth Through Customer Loyalty*" and enables **The DCF Experience**. "Growth" encompasses both financial and employee career growth. The program is designed to excite and engage employees while remaining focused on the human resources short- and longer-term SPP action plans (Figure 2.2-2). DCF utilizes systematic processes to satisfy all stakeholder needs, and the training program is instrumental in developing and retaining the workforce. The training hours bar has been raised based upon an increased focus on sales skills from Service Group and personal servant leadership training from The EPIC Advantage.

New workforce members attend new employee orientation (NEO) within the first 30 days. The SLT leads this comprehensive training that integrates **The DCF Experience** (Figure P.1-2). NEO is designed with alignment to the core values with a laser focus on the core competencies of Servant Leadership, Integrity and Ethics and Family Values. A short quiz completed at the end of the orientation highlights key elements as a reminder. The employee then has two homework items to complete within two weeks and is required to visit with Gary to go over their process manual's job specific processes and their personalized "How I Connect" to **The DCF Experience** sheet. Managers and/or mentors are responsible for leading

the employees through this homework assignment process. Employees are encouraged to let their supervisors know if additional training is needed to perform their jobs, improve their productivity, and/or enhance their career development.

DCF has been focused on systematic leadership training since 2006, accomplished in monthly leadership training on the fourth Tuesday of the month. The approach has been through multiple leadership training courses from John Maxwell (The 17 Indisputable Laws of Teamwork, Developing the Leader Within, Sometimes You Win and Sometimes You Learn, and Everyone Communicates Few Connect), Franklin Covey (Inspiring Trust), James W. Sipe/Don M. Frick (Seven Pillars of Servant Leadership) facilitated by Jerome Wade of The EPIC Advantage. In 2016, we are extending the Servant Leadership training series with an added emphasis on gratitude.

Safety, including regulatory and environmental, training is conducted by KPA, a third party vendor on a quarterly basis. Annual refreshers of key processes also take place with the managers and SLT including Integrity and Ethics, FORD improvement, customer engagement system, and workforce engagement system.

Reinforcement of key elements for sustainability occurs annually in monthly refreshers for all employees including foundational elements (card), VOC, Compli, and pocket card

Process/Training Used	CC, SC & Achievement of Action Plans	Organizational Perf. Imp., Org. Change & Inn.	Ethics & Ethical Bus. Practices	Improve Customer Focus	Ensure the Transfer of Knowledge from Departing or Retired W/F Members	Reinforcement of New Knowledge & Skills On-the-Job
New Employee Orientation	X	X	X	X	X	X
Continuous on-line process manual training	X	X	X	X	X	X
FMC e-training	X		X	X		X
Compli	X	X	X	X	X	X
REYREY training	X					X
FORD Process	X	X				X
Customer svc standards	X		X	X	X	
Leadership training (Figure 7.3-18)	X	X	X	X	X	X
Service group sales & next level service skills	X	X	X	X	X	X
Team/Manager coaching	X	X		X		
FordStar certification	X	X	X	X	X	X
Driving Forward contest & back pages	X	X				
Quality New Mexico Examiner/Conference	X	X	X	X	X	X
Governance audit results	X	X	X			
Key processes refreshers	X	X	X	X	X	X
On the job training	X		X	X		X

CC = Core Competencies, SC = Strategic Challenges

growth, to move into higher level positions across all departments and areas. Flexibility in promotions is based upon a candidate's experience, providing a way to grow an employee's career. Since tracking began in 2001, 119 employees have benefited from this process and advanced in their careers (Figure 7.3-9). Success is measured by DCF's overall performance and workforce retention.

Figure 5.2-3 Educational/Training Addressing the Learning & Development Requirements

reminders for: integrity and ethics, FORD process, Customer Service Standards, and key work processes.

5.2b(2) Learning and Development Effectiveness The effectiveness and efficiency of the learning and development system for the entire workforce is evaluated by the answer to employee survey question 20, "Managers assist employees with their personal and career development." We use pre- and post-tests for some key elements of process training to evaluate the effectiveness of the sales training sessions (Figure 7.3-19). DCF uses productivity measure for sales consultants (Figures 7.1-16 and 7.1-17) and technicians (Figures 7.1-19, 7.1-20 and 7.1-24) and overall employee retention (Figure 7.3-16) to measure effectiveness of the training overall. When performance is not meeting the expectations, managers re-train on the process to improve performance.

5.2b(3) Career Progression In 2008, following analysis of DCF's twelve-year growth, career progression was designed, deployed, and integrated (an improvement based upon Baldrige criteria gap reviews). The Career Progression Roadmap provides levels from entry (Level 0) to director (Level 5). After further evaluation, it was determined that this process was not being followed and was too cumbersome for our business. It was decided that a much simpler process would be followed - managers would identify employees that showed promise for advancement (hard, successful workers, good citizens, and met required training guidelines). After being identified by individual managers, these employees are identified for the SLT to monitor. As positions open, both lateral and promotional, these employees are evaluated to fill these roles. DCF encourages entry level employees to seek training and career

6: OPERATIONS

Our competitors work from tribal knowledge. Everything we do is a process. Knowledge is systematically shared through the inProcess on-line development and deployment system. DCF's approach is to systematically achieve organizational sustainability and consistent customer engagement and satisfaction through documentation and improvement of all key work processes. Over 300 processes are documented with process owners, and these owners are taught how to manage and improve their processes.

To ensure all aspects of the business are addressed systematically, DCF has an Organizational Excellence System (OES) (Figure 6.0-1, also called a "stadium chart" or Enterprise Systems Model [ESM] by other organizations) which includes the elements critical to DCF's ability to deliver **The DCF Experience**. The Key Work Systems (KWSs) ⑤ are supported by Support Systems ② and directed by Systems That Guide ①. Each of the KWSs are aligned to the Key Work Processes ⑥. As with any system, the OES also has inputs ③ and outputs ⑦. It is closed-loop since improvements ⑧ link back to the internal systems and processes, and the systems that guide and output the results of the key success drivers (KSDs) ⑦ are assessed against the listening methods (Figure 3.1-1) and Workforce Engagement System (Figure 5.2-1). The results of these assessments are used in the Systems that Guide ① to sustain and improve the direction of the organization. The final result of this approach is focused to achieve **The DCF Experience** ⑨.

Due to DCF's small organizational size, systems and processes are fully deployed and integrated. FORD cycles of improvement show learning.

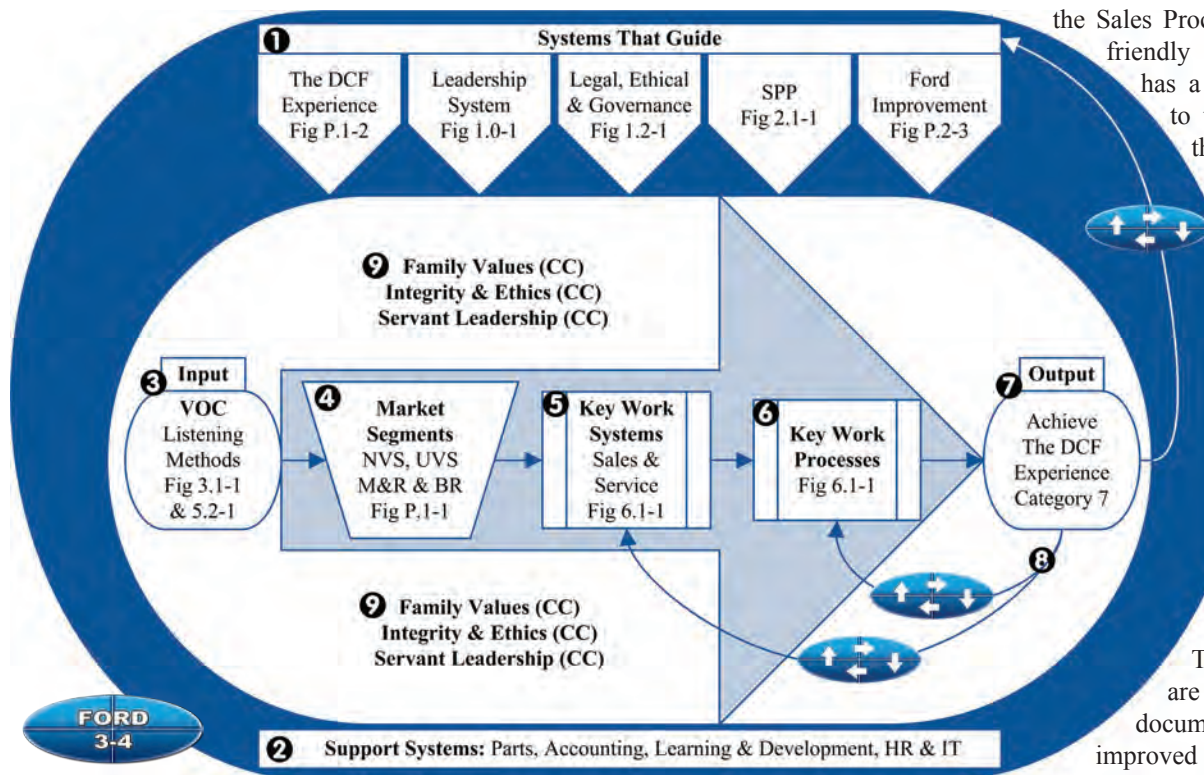


Figure 6.0-1 Organizational Excellence System

6.1 Work Processes **RVRS**

6.1a Product and Process Design

6.1a(1) Product and Process Requirements DCF determines the requirements for the key product and work processes from the customer needs and expectations. These are analyzed by the appropriate process owner, the first and second steps of the process in Figure 6.1-2 ① ②. DCF's key work processes (Figure 6.1-1) are integrated to **The DCF Experience**, specifically the **Real Simple** core values of process driven work and continuous improvement. The key work processes and their key requirements are in Figure 6.1-1. The process outputs are aligned to the annual plan's Business Plan Review (BPR) volume, gross profit, productivity, and VOC. For example,

the Sales Process first step is a friendly welcome which has a direct correlation to volume (increases the probability of purchase), gross profit (happier customers tend to spend more on their purchase), and VOC (guide the customer through the 8-Step Sales Process never leaving them stranded and confused). The processes are systematically documented, trained, and improved upon, providing a sustainable approach for the

workforce to repeat the work as designed. The importance of learning and following the process is explained in New Employee Orientation (NEO) on-boarding. The new employee meets with their manager over the next two weeks to learn their work processes and then meets with Gary to review their progress to ensure they are off to a great start. This approach contributes to the **Real Value** core value of sustainability and provided a seamless transition when Don Chalmers passed in 2014 and Gary took over as the Dealer Principal. The hard wired processes continued to churn not skipping a gear.

6.1a(2) Design Concepts Our systematic Product and Process Design process in Figure 6.1-2 is used to design our products and work processes to meet stakeholder requirements. The approach takes into consideration that work is to be

Key Work Systems	Key Work Processes	Work Process Key Requirements (Figure 6.1-2, Step ②)	In Process Measures & Indicators (7.x Figure Reference)	Key Performance Measures End-Product Quality (7.x Figure Reference)
All	All	Produce efficient gross profit per employee	All below	Dealership Productivity (7.1-14)
Sales	New Vehicle & Used Vehicle Sales (NVS/UVS)	<ol style="list-style-type: none"> 1. Friendly greeting 2. Treat with courtesy & respect 3. Determine customer requirements & expectations 4. Present the vehicle(s) & features 5. Go on a demonstration drive 6. Make a proposal to buy 7. Provide with financing 8. Perfect delivery 	<ol style="list-style-type: none"> 1. Number of ups (visits)(7.1-18) 2. Percent of BeBacks (return customers) (7.1-18) 3. % of keys issued (7.1-18) 4. % of demonstration drives (7.1-18) 5. % Proposals (7.1-18) 5. % of deals closed (7.1-18) 6. First appointment retained (7.1-23) 	<ol style="list-style-type: none"> 1. Volume (7.5-4) 2. Gross per vehicle (7.1-17) 3. Sales Market share (7.5-6 & -7) 4. Sales Loyalty (7.2-18) 5. Salary per unit sold (7.1-16)
Service	Repair Order Write-up & Fix it Right the First Time (FRFT) (M&R) (BR)	<ol style="list-style-type: none"> 1. Make appointments convenient 2. Demonstrate concern for customer's needs 3. Fix it right the first time 4. Complete my work in a timely & professional manner 5. Provide me a clear & thorough explanation 	<ol style="list-style-type: none"> 1. Reservation Show Rate (7.1-22) 2. Service upsell tracking (SUT) (7.1-22) 3. # Carryovers (7.1-21) 4. Repeat Repairs (7.1-22) 5. Days Drop to Pickup (BR) (7.1-13) 6. Kept informed (BR) (7.1-13) 	<ol style="list-style-type: none"> 1. Hours per Technician (7.1-19) 2. Oil Changes per day (7.1-22) 3. Volume (7.5-4) 4. FRFT (7.1-11) 5. Service CP market share (7.5-6) 6. Service Loyalty (7.2-22) 7. Dollars per RO (7.1-20) 8. Quality of work (BR) (7.1-13) 9. Ranking (BR) (7.1-13) 10. Refer shop (BR) (7.1-13)

Figure 6.1-1 Key Work Systems & Processes



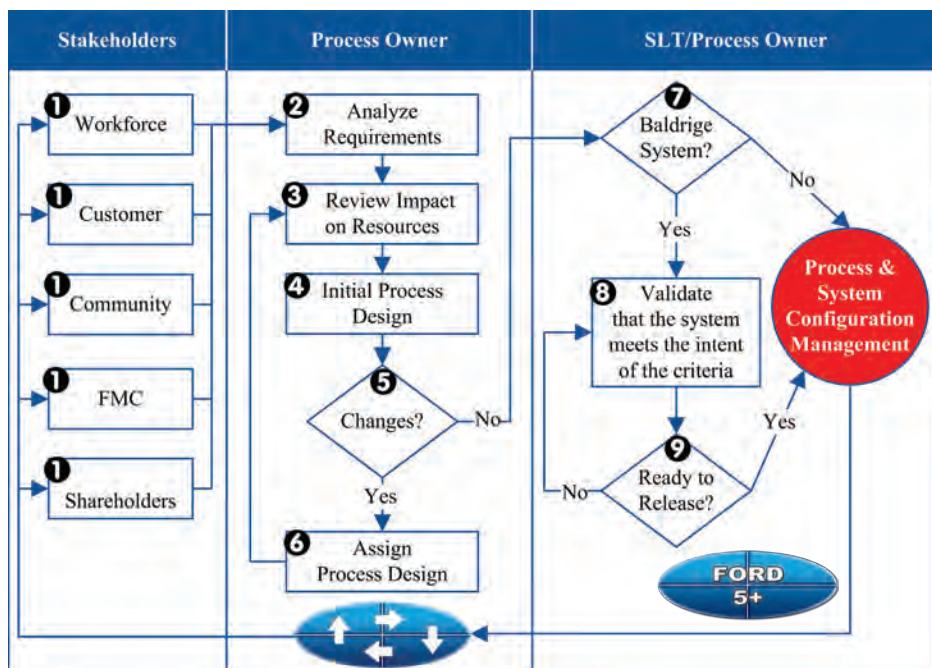


Figure 6.1-2 Product & Work Process Design System

performed to gain consistency and reduce errors to meet the stakeholder requirements. This provides the customers an experience where they are an advocate telling others about their experience and they progress in every transaction toward advocacy in Stage 6 of the customer relationship system in Figure 3.2-2.

The DCF Experience starts with the customer’s first impression. All locations have dedicated customer parking. At the main dealership, customers enter into an art gallery atmosphere where polite Greeters welcome them to the dealership. Greeters introduce the customer to a sales consultant or they can experience the sales process at their own pace, not pressured to buy. The customer will not be approached unless it is to offer freshly popped popcorn. Service customers enter an area with murals painted by local youth, high grade coffee, and find friendly professionals, ample loaner cars, and extended hours until midnight, all to meet customers’ needs.

The initial design requirements from the stakeholders in Step 1 are analyzed in Step 2 along with any regulatory requirements or changes. A resource impact review is performed in Step 3 which assesses the impact on people, new technology and facilities. The initial design is developed in Step 4 and a determination is made if the design incorporates new technology, organizational knowledge, product/service excellence, customer value and the potential needs for agility. The design is documented in inProcess by the Director of Performance Excellence (DPE). The initial design is emailed back to the process owner for review from the inProcess website in Step 5 to determine if any changes are necessary before continuing. The process owner makes any necessary adjustments going back to Step 3 to determine any impacts the changes may have on resources. Changes are forwarded to the DPE for documentation in inProcess in Step 6. To become more agile and speed up process implementation, the process owner is empowered to bypass the SLT, (if it is not one of the core Baldrige systems, see glossary) for faster deployment and integration of new processes or changes Step 7. Baldrige systems are validated in Step 8 against the

Baldrige framework. The SLT reviews the process and makes changes or approves so it is ready to release in Step 9. Once the design is approved an e-mail is sent from the DPE with all changes for final approval, with a suspense date, before going live.

The on-line processes are segmented by department for efficient location of the process by the user. The manager and/or process owner is responsible for training the appropriate employee(s) on the new or revised process (formal = classroom or meeting, informal = one-on-one). Employees receive training and print the new and/or revised process for their personal process binder. Additional deployment and integration takes place through NEO, two-sided pocket cards and on-going process training in meetings. Both Sales and Service employee cards

outline our Customer Concern Resolution Process (Figure 3.2-4) on one side. Service employees’ pocket cards detail the Fix It Right the First Time Process on the other side, while Sales employees’ pocket cards detail the 8-Step Sales Process.

8 STEP SALES PROCESS
Each customer experiences this unique, customer-friendly sales system

<ol style="list-style-type: none"> 1. Greeting: Customer is greeted in friendly manner & introduced to a salesperson 2. Needs Assessment: Customers wants & needs are determined to select proper vehicle 3. Presentation: Salesperson explains features and benefits of selected vehicle 4. Demonstration: Features are demonstrated along with test drive 5. Proposal: a) Salesperson gets trade appraised, if necessary 	<ol style="list-style-type: none"> b) Price/Value discussion (Offer) is prepared by the Sales Manager & presented to the customer by the Salesperson 6. Finance and Paperwork: The customer is introduced to Finance Manager to complete paper work 7. Delivery: Customer is introduced to Service Department & Delivery Manager for explanation of features and schedule first maintenance appointment 8. Follow Up: Customer is contacted 2 days later to ensure satisfaction of purchase
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FIX IT RIGHT THE FIRST TIME

<ol style="list-style-type: none"> 1. After customer sees Service Advisor, a repair order is written & put in correct skill group 2. Before repair, the Technician reviews the symptom codes & test drives the vehicle 3. If Technician cannot duplicate concern, s/he contacts the Service Manager 4. If the Service Manager is not available, the Service Director assumes the role 	<ol style="list-style-type: none"> 5. The Service Manager, Service Advisor & Technician discuss the customer concern 6. After this, managers meet to review any new information 7. Technician tries to duplicate problem once again with the new info 8. If s/he is unable to do so, the customer is contacted by the Service Advisor to gather more information or to find a resolution to the problem 9. If the Technician is able to duplicate the problem, the repair is performed, the result checked with a road test, and completed
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The configuration is a controlled system using the Process and System Configuration Management Process (AOS) and improved using the FORD Improvement Process (Figure P.2-3).

6.1b Process Management

6.1b(1) Process Implementation Day to day operation of work processes to ensure they are meeting the key process requirements is accomplished by analyzing the key in-process and end-process quality and performance measures indicated in Figure 6.1-1. Service and sales processes are measured immediately, daily, weekly, or monthly - to determine performance to the requirements. Example: we review the sales customer process data (number of potential customers) to determine in-process performance, a leading indicator. This process, named the Sales Prospect Control System, is unique to DCF and is an innovative method to track the Sales Process from greeting at the beginning to follow up after the sale. This data is tracked for each sales manager, allowing DCF to determine how the dealership is performing against the established targets for each step of the Sales Process (Figure 7.1-18). A service innovation implemented in 2014 was to provide customers a free alignment check while their vehicle is being checked in on the service drive. 100% of our customers receive this complimentary service. This approach provides unexpected value for the customer, minimizing unnecessary maintenance cost and tire wear. Our FMC competitors do not offer this to their customers.

To increase sales productivity, the sales room size was expanded and each sales consultant has their own work station with a desk top computer, phone and iPad. This improvement allows the sales managers line of sight to see their teams at their workstations. The F&I manager for each team is located in the same area so the sales manager can work customer deals in a team environment. The sales area also has controlled access to assist in safeguarding customer information to comply with the customer Privacy Act. Access is controlled through biometrics using scanned fingerprints for those who have approved access, an innovative, progressive, and resourceful best practice. Our competitors don't have this either.

Additional deployment and integration take place in NEO, two-sided pocket cards, and on-going process training in meetings. Sales product and process training takes place every Monday morning at 8:30 and service trains the staff as required in their morning huddle before the doors open to the main shop.

6.1b(2) Support Processes Key support processes, listed in Figure 6.1-3 with the day to day operational measures to ensure they are meeting the key business support requirements, are determined using the product and process design process in Figure 6.1-3. Results are in Figure 7.1-25.

6.1b(3) Product and Process Improvement DCF uses

Key Support Processes	In-Process Day-to-Day Measures (Figure 7.1-27)
Accounting	• Net cash over monthly expenses, A/P >60 days
Human Resources (HR)	• Compli % Compliance • Employee page • Best Dealerships To Work For
Information Technology (IT)	• % of calls answered immediately • % of concerns resolved same day • Server Availability
Insurance	• % turns, retention, bundle & premium
Learning/Develpmt.	• % training held/schedule, achieve goals, attend NEO
Parts	• Level of service (fill rate)

Figure 6.1-3 Support Processes

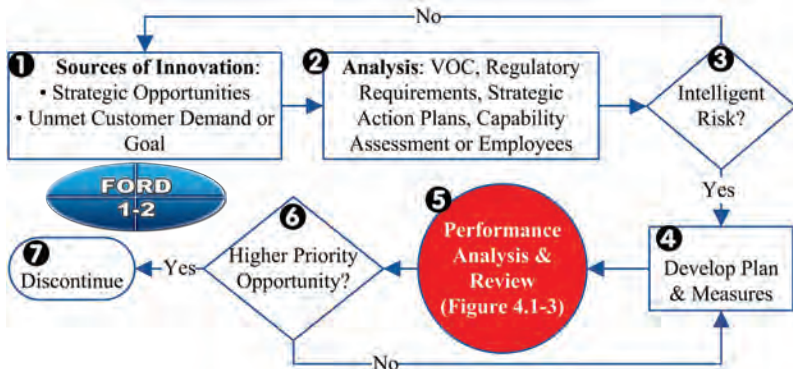


Figure 6.1-4 Innovation Management System

the FORD Improvement Process (Figure P.2-3) to improve products and performance, enhance the core competencies, and reduce variability. Work process improvements may be simple “no-brainers” or process discipline. Improvements are the result of data from employees via the meetings (Figure 1.1-4) and performance analysis reviews (Figure 4.1-3) highlighted by the monthly BPR reviews. Performance levels and trends are used to determine if the process is performing as expected before an improvement is attempted and whether the improvement should continue. Once a decision is made to continue, the process owner reviews the idea, issue, and data, and determines whether the results are due to process discipline or if a process improvement is needed. Sometimes the process design is appropriate and just needs retraining. Once a determination is made to continue, the process owner is assigned to follow through and provide recommendations. When the process improvement proceeds, the Work Product and Process Design Process (Figure 6.1-2) is followed. The change is documented in the inProcess on line process system.

An example of a recent process improvement was driven by the inability of technicians to locate the vehicle to work on in a quick manner. Productivity was being wasted trying to find the vehicle. The team (delivery, technicians and managers) at the main shop designed a process to eliminate lock boxes physically on the vehicle and have a storage area in the shop for easy access and quick vehicle location.

6.1c Innovation Management

DCF’s innovation management system (Figure 6.1-4) incorporates our innovation development in the SPP (Figure 2.1-1, **Step 6**). We manage for innovation by analyzing strategic opportunities **1** (2.1a[2]) and addressing unmet customer demands or goals. We ask, “What, if it could be done, would fundamentally change what we do?”. An analysis **2** of potential innovation comes from the Voice of the Customer (VOC) from owner clinics, surveys and social media. Regulatory requirements provide an opportunity for innovation, like the Attorney General requirements for used car inspection to provide meaningful change to the used vehicle reconditioning process. SPP action plans (Figures 2.1-1 and 2.2-2) may identify a gap in achieving a requirement to meet strategic objectives. The multiple performance reviews, (Figure 4.1-3) provide data that a decision is made based upon the analysis in the reviews. Employee engagement surveys feedback and the monthly employee lunch (GM for a day question) may also provide an opportunity for innovation that improves the work environment and makes DCF a better place to work. **3** Intelligent Risks are analyzed by reviewing financial and other resources and



Work Systems (Market Segment)	In-Process Measures	Processes Used To Prevent:				
		Defects	Service Errors	Rework	Minimize Warranty Costs	Minimize Customer's Productivity Losses
Sales (NVS)	<ul style="list-style-type: none"> • Number of ups (visits) • Percent of BeBacks • % of keys issued • % of demo drives • % of deals closed • New Owner Clinic show rate • Sync Concierge visits appts. made & kept 	<ul style="list-style-type: none"> • Pre-Delivery Inspection (PDI) • Unsold customers follow up 	Test drives after PDI	<ul style="list-style-type: none"> • PDI checklist • Delivery log sheet 	Extended warranty plans	<ul style="list-style-type: none"> • Explanation of features (knowledge sharing) • Sync Concierge • New Owner Clinic • Free towing
Sales (UVS)	% of used vehicles wholesaled	Used vehicle inspection, CarFax, frame check, extended warranty				
Service (M&R)	Repeat Repair	<ul style="list-style-type: none"> • Oasis w/ symptom codes • Shop Foreman ride-a-long 	<ul style="list-style-type: none"> • 01 repeat process • Spot check 	Test drive before & after work	<ul style="list-style-type: none"> • Technical Service Bulletins • Oasis w/ symptom codes 	<ul style="list-style-type: none"> • 50 Loaner Vehicles • Open until Midnight • Insurance company rentals

at the weekly auction to provide the most accurate inventory possible for DCF's customer selection. Parts are inventoried based upon past usage with at least a 4-6 weeks supply of maintenance (filters, brakes, batteries, etc) or commonly used items. FMC has required parts that DCF must have on the shelf with 98% compliance as discounts are calculated by this. The relationship with

Figure 6.2-1 Cost Control

asking: Is there a need in our market?; Is there ample current staff?; Do the facilities have the capacity?; and Are resources, finances, and other in place? If the decision is to continue, a plan is developed ④ to determine the effectiveness of the innovation. The innovation is included in the appropriate SPP action plan or BPR to track progress. Performance is analyzed in the Performance Analysis and review system (Figure 4.1-3). As new opportunities for innovation appear, a determination is made if there is a higher priority ⑥. If there is, this innovation ends ⑦. The newer opportunity is returned to Step ④ to develop a plan and measures.

6.2 Operational Effectiveness *RV RPS*
6.2a Process Efficiency and Effectiveness

DCF's has multiple approaches to control the overall costs of operations in sales and service as indicated in Figure 6.2-1.

We balance the need for cost control with the needs of the customer by using the Customer Concern Resolution Process (Figure 3.2-4). When a customer has a concern DCF employees address the concern. We assess the loyalty of a customer to make decisions based upon their requests: A more loyal customer, as identified in Stage 5 (loyal) of the Customer Relationship System in Figure 3.2-2, will be granted more grace than someone who is still in Stage 2 (tries DCF) and doesn't regularly service their vehicles with us.

6.2b Supply-Chain Management

DCF has three main supply chains: new vehicles from FMC, used vehicles from trade-ins and auctions, and parts from FMC. These were selected because of their ability to meet our requirements for on-time, quality and/or cost. New vehicles are ordered monthly by the NVD based upon market analysis needs and factory availability to provide a working inventory. With FMC's resurgence and demand across the nation, inventory ordering requires some negotiation and DCF cannot always get everything we would like to meet the inventory needs. Average delivery is 6-8 weeks on an ordered unit. If a vehicle is needed sooner, FMC dealer inventory can be searched to locate the desired vehicle and a dealer trade made to get the vehicle delivered. Used vehicles are obtained from trade-ins and auctions. The UVD performs an analysis, using vAuto, of the Albuquerque market to see what models are selling and at what average price. The data is used as a tool for purchasing

FMC is collaborative and special orders placed by 4:00 p.m. can be received from the Denver distribution center by 10:00 the next morning to complete the necessary repairs on a vehicle. DCF also uses other car dealerships for Original Equipment Manufacturers (OEM) when a customer has purchased a non-FMC vehicle and requests them. DCF has an agreement with NAPA to supply non FMC and OEM parts which provides fast delivery to support the Quick Lane service centers. Oil and tires have specific warehouses for delivery.

DCF evaluates supplier performance in an informal manner. As supplier issues arise they are dealt with immediately. New vehicles are inspected for transit damage when they roll off the transport and a claim is submitted to FMC to recover any cost to repair. If a used vehicle is purchased from an auction and does not pass the pre-delivery inspection, including a laser frame check detecting frame damage, the vehicle is rejected and returned to the auction for other dealers to buy and then sell. The Parts Manager selects and terminates suppliers when there is lack of performance.

6.2c Safety and Emergency Preparedness

6.2c(1) Safety Integrated with the core value of a safe and secure workplace, we empower our safety committee to be responsible for ensuring that the workplace meets the expectations of the safety program to provide a safe operating environment. This systematic approach was recognized by Clean Auto Alliance in 2016 with the environmental and safety elite award recognizing our ability to provide a safe workplace. The safety program follows standard automotive industry guidelines. At NEO, new employees receive their initial safety guidelines and a safety bingo card. They also sign a document acknowledging that they will adhere to the basic safety rules, acknowledge receipt of the Hazard Communication Plan, that they will keep their work areas clean, and drive 5 MPH while on the lot to protect employee and customer safety. Personal Protection Equipment is supplied by DCF and we cover the cost for prescription safety glasses. Customers are not allowed in the M&R or BR areas unless escorted by an employee. Every workday a safety bingo number is emailed, with a daily safety tip, to the workforce to remind them of safety so they can participate in the prize money which is \$100 for a straight line, \$150 for a "T" and \$500 for a blackout card. If an employee has an injury that requires a trip to the ER, urgent care or doctor



resulting in cost to the dealership, the bingo cards are cleared and the game starts over.

Through consulting from KPA, the automotive safety, environmental and regulatory compliance consultant, DCF has a systematic inspection approach for safety prevention. Issues are logged into the KPA website (www.mykpaonline.com) and are closed when resolved and recovery has been addressed. Safety Data Sheets (SDS) are also available on the KPA website as a cycle of improvement. All safety documents required by OSHA are stored in the “yellow box” allowing easy access for OSHA visits. Trends are reviewed for repeat issues and addressed by the safety committee that meets quarterly to address root-cause analysis of failures that may lead to equipment or training needed. The safety committee, with assistance from KPA, provides a safety score by location and these are included in the manager’s monthly BPR. Lifts are inspected annually by a third party to ensure they are operating per specifications. Service employees receive quarterly training updates based on guidelines and materials supplied by KPA’s consultant during their quarterly visits. Sales employees receive an annual refresher as their work areas have less potential safety concerns. DCF’s workers comp provider and commercial insurance provider perform periodic inspections of the facilities as well as providing material that can be used for various safety trainings.

6.2c(2) Emergency Preparedness DCF ensures that we are prepared for disasters and emergencies using the approaches in Item 4.2b(5) to keep the computer system up and running. Management annually reviews the potential for catastrophe and the options available for recovery from business loss. To support work system and workplace preparedness, (in conjunction with property and casualty insurance renewal), planning begins with the assessment and probability analysis of potential disasters or emergencies. Facilities have many exits so risk of full loss is reduced. The largest impact on operations would be a fire in the main mechanical shop, which would likely damage the parts warehouse facility. In a crisis, service operations and/or the Parts Department could be moved to one or both of the Quick Lane Centers with minimal interruption to servicing customers.

Facilities at DCF are also proactively prepared for emergencies with evacuation maps located at every exit door with a spot that employees are to meet upon evacuation to ensure everyone is accounted for. An EPA-compliant Spill Prevention Plan is in place to address any spills as a result of an emergency or disaster. The greatest loss to the business and inconvenience to customers would occur at the main showroom. Destruction of this facility would cause some delay, but sales operations would quickly resume by moving temporary office facilities to tents in the main parking lot. FMC goes out of their way to help get dealerships up and running as soon as possible in case of a disaster. The ability to buy parts locally from local dealers could also get us back to doing business quickly. It’s the equipment that would take time to get in place. From a service standpoint in case of a disaster, we do have alternate facilities that we could use and run multiple shifts to cover customers while getting everything back in order.

Should loss occur at one of the outlet lots, temporary facilities could be in place and operations back online within 48 hours. Devastating loss to DCF’s main showroom facility poses one additional major impediment to DCF’s ability

to serve its employees and customers as DCF’s computer, phone, and network facilities are there. Quick recovery to this infrastructure is considered possible as business technical support partners are experienced in quick replacement of systems due to emergencies. Backup tapes of the systems are taken from the main facility and stored at the IT Manager’s office. For document retention DCF runs 3 copies on CD and stores in three separate locations including a safe deposit box. The UCS mainframe is backed up nightly and the server is backed up monthly.

The disaster and emergency preparedness system addresses suppliers and partners through three approaches: 1) New and used vehicles inventory are parked outside so the reliance on FMC for vehicle inventory replacement is not a concern; 2) Parts are available overnight from the FMC warehouse in Denver; and 3) Shop equipment and computers are readily available from the Dell Computer inventory.

Nurse Rhonda, our nurse practitioner, receives regional updates on trends and new procedures from Tricore Lab and Quest Lab. We also subscribe to three national periodicals and can access the CDC website as needed for suggestions and updates on trending illnesses/infectious diseases.

This application would not be possible without the Vision of our founder Don Chalmers who passed away on Easter 2014. He remains among us with the systems and processes that he helped develop. We submit this application in his honor and as Don would say “If it was easy, everyone would do it!”



Don Chalmers

7: RESULTS

We measure many results that our industry does not track. When an issue surfaces, the first question asked by the SLT is, “What does the data tell us and how do our results compare to valid benchmarks?” DCF selects, collects and integrates data to determine progress in business, customer, and process results and measure stakeholder satisfaction (Figure 4.1-1). Results using comparative data and benchmarks where available (Figure P.2-1) provide current progress toward meeting strategic objectives and action plans. The use of “gut feel” results is not our DCF culture. Results drive improvements at DCF. Performance expectations are high, and the workforce strives to sustain that in every transaction.

Examiner Note 1: FMC uses a net promoter score approach to calculate the Customer Experience Index (CEI) survey data. It uses a 5 point scale. The scores are calculated as follows: a top box score is 100 points (Completely Satisfied, Excellent, Definitely Would), a very satisfied score is 75 points, a good score is zero points, a fair score is -75, and there is a -100 point deduction for a poor score. FMC emails surveys to New Vehicle Sales customers and maintenance, repair, Quick Lane and warranty service customers.

Examiner Note 2: Comparison Definitions: 1) NCM 20 Group Benchmark (**20 Bmark**) is average of the top quartile in this elite group of 20 dealers nationwide (see glossary). When there is an asterisk in the y axis of the chart, the 20 Group comparison measure was added in 2015. 2) The Customer Viewpoint Group (**CVP Grp**) are the 21 dealers in DCF’s Phoenix Region representing large metropolitan dealers in Albuquerque, NM, Las Vegas, NV, and Phoenix and Tucson, AZ. **Zone** is the State of New Mexico. **Nation** is the average for all FMC dealers nationwide. Color shading in the figures that are tables: Blue = industry and benchmark leadership, Green = good to excellent performance levels and leadership, Yellow = making progress, and Red = short of goal.

Preferred trends are up unless indicated by a down arrow.

Projections for results are in parenthesis for each segment in the chart title.



7.1 Product and Process Results **RV**

Item 7.1 is a complex criteria. To answer the breadth and depth, and to ensure all aspects are addressed, a table of contents has been provided (source of requirement/7.x figure numbers):

7.1 Area to address	Source of Requirement	Market Segment	Result Figure(s)
a: Customer-Focused Product & Service	Figure P.1-5	NVS	7.1-1-7.1-5
		UVS	7.1-6
		M&R	7.1-7-7.1-12
		BR	7.1-13
b(1): Work Process Effectiveness & Efficiency	6.1-1	All	7.1-14-7.1-15
		NVS/UVS	7.1-16-7.1-18
		M&R	7.1-19-7.1-23
		BR	7.1-24
		Support	7.1-25-7.1-26
b(2): Emergency Preparedness	6.2c(2)	All	7.1-27
c: Supply-Chain Management	6.2b	All	7.1-28

7.1 Table of Contents



7.1a Customer-Focused Product and Service Results

Segment: New Vehicle Sales (NVS): This customer market segment expects a professional salesperson (Figure 7.1-1), a professional finance experience (Figure 7.1-3), a perfect delivery of their new vehicle (Figure 7.1-4) and for DCF to follow through on any commitments that are made during the sales process (Figure 7.1-5) which aligns with *Real Value*. DCF ranks number one in the Albuquerque market in all scores, better than the CVP groups and the CVP 20 Group for all customer requirements.

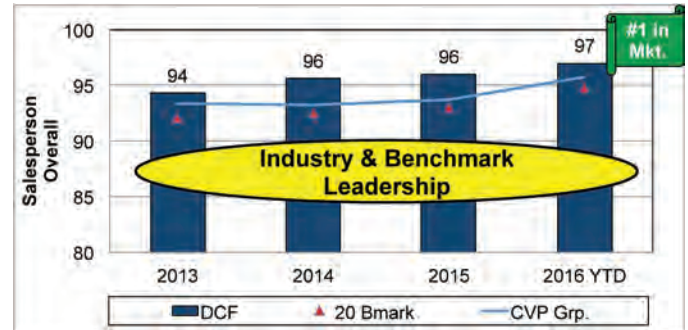


Figure 7.1-1 Salesperson Overall NVS (93)

DCF’s sales consultants are the best-prepared and most knowledgeable sales staff in the market. FMC has an expectation that a new sales consultant has 90 days after they are hired to meet the Base requirements in FordStar. DCF’s expectation is to achieve Base and Master certification, the highest level of product knowledge, in the first 60 days. FordStar certification is provided in Figure 7.1-2 as of December of each year. As part

FordStar (NVS)	2013	2014	2015
% Base Level Certified FMC Requirement	80%	80%	80%
% DCF Performance	100%	96%	96%
% Master Certified No FMC Requirement	0%	0%	0%
% DCF Performance	75%	50%	90%

Industry & Benchmark Leadership

Figure 7.1-2 Sales Consultant’s Certifications NVS (90/75)

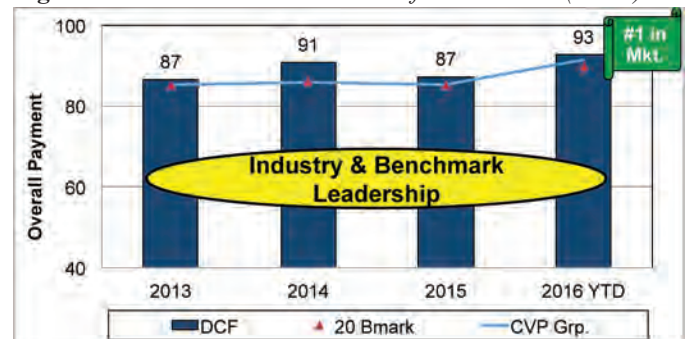


Figure 7.1-3 Overall Payment Experience NVS (87)

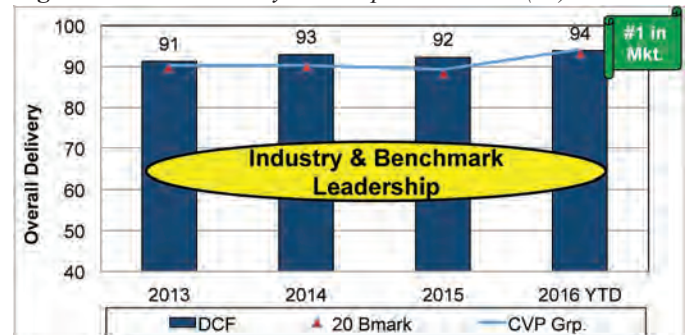


Figure 7.1-4 Overall Delivery NVS (93)

of the strategic objective number 4 to increase sales capability and capacity in Figure 2.1-2, DCF ramped up the sales staff toward the end of 2015 to have a talented workforce ready for the spring of 2016 when sales increased so the level of performance dropped slightly from 2014 to 2015.

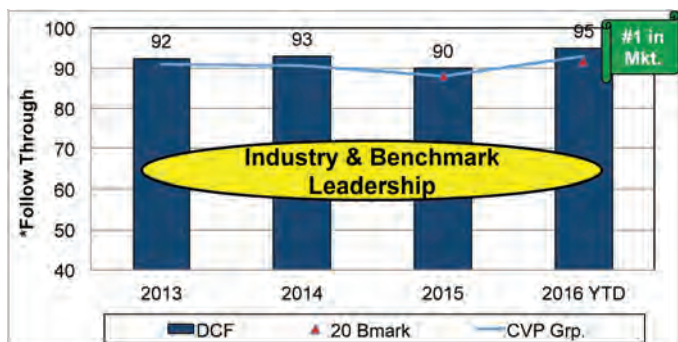


Figure 7.1-5 Follow Through on Commitments Made NVS (90)

Segment: Used Vehicle Sales (UVS): This market segment expects to have a trustworthy experience and a knowledgeable salesperson who really listens to their needs. These results from the used vehicle satisfaction postcard are all in Figure 7.1-6. These approaches provide outstanding or what any dealer in our market provides to deliver **The DCF Experience** to UVS Customers. DCF performs above the 90% level for recorded history (started 18 years ago). As mentioned earlier, local competitors and FMC dealers do not track used vehicle customer satisfaction.

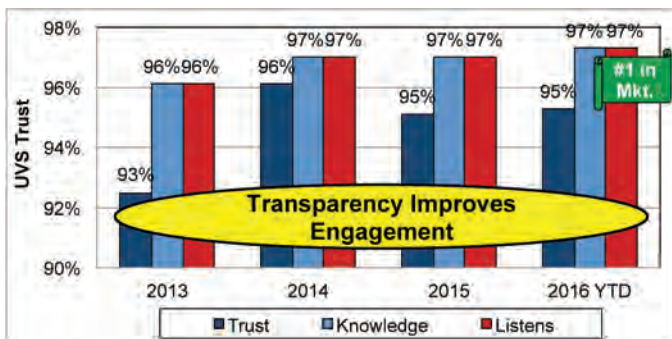


Figure 7.1-6 Trust, Knowledge & Listens UVS (95)

Segment: M&R: DCF's Service Advisors are also the best prepared and most knowledgeable service staff in the market. FMC has an expectation that a new service advisor has 90 days after they are hired to meet the Base requirements in FordStar. As with sales consultant's, DCF's expectation is to achieve Base and Master certification, the highest level, in the first 60 days. Results of FordStar certification are in Figure 7.1-7.

FordStar (NVS)	2013	2014	2015
% Base Level Certified FMC Requirement	80%	80%	80%
% DCF Performance	60%	65%	100%
% Master Certified No FMC Requirement	0%	0%	0%
% DCF Performance	40%	40%	100%
Industry & Benchmark Leadership			

Figure 7.1-7 Service Advisor Certification Level M&R (100/90)

Unless noted, results in Figures 7.1-8 – 7.1-12 are for all service work performed including maintenance and repair customers. These customers want a professional service advisor (Figure 7.1-8), work to be performed with quality (Figure 7.1-9) and for us to follow through on any commitments made (Figure 7.1-10). Overall M&R results indicate the benefit of

the Effortless Service Training held by the Parts and Service Director in 2015 and continuing in 2016 (which is aligned to

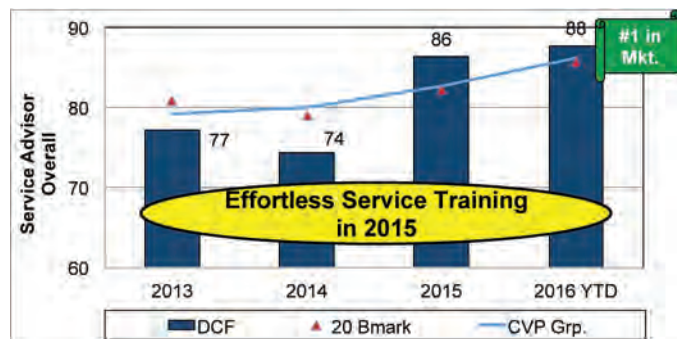


Figure 7.1-8 Service Advisor Overall M&R (83)

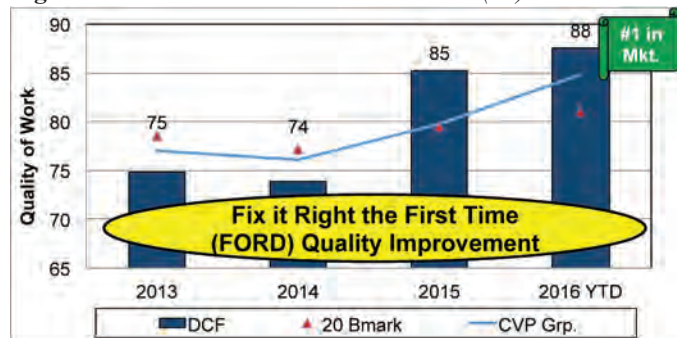


Figure 7.1-9 Quality of Work Performed M&R (85)

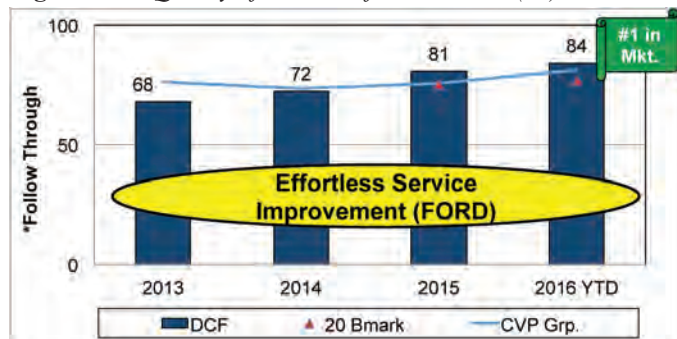


Figure 7.1-10 Follow Through on Commitments M&R (83)

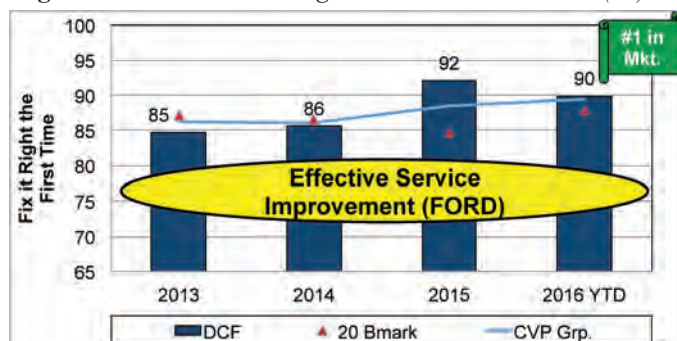


Figure 7.1-11 Fix It Right the First Time (90)

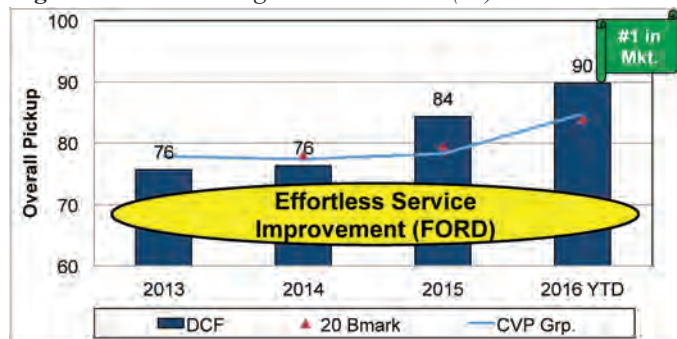


Figure 7.1-12 Overall Pickup Process M&R (83)



strategic objective 10 in Figure 2.1-2).

For vehicle repair customers, Fix It Right the First Time (Figure 7.1-11) which is a yes or no question from a drop down box if the customer provides an unsatisfactory response to the quality of work performed question (Figure 7.1-9). To have an efficient vehicle pick up process for service repair customers only are key customer requirements (Figure 7.1-12). Results indicate a significant improvement and above benchmark results for 2015.

Segment: Body Repair (BR): Body Repair results from State Farm based upon their key customer performance results are in Figure 7.1-13. Overall Performance in 2015 was impacted by the loss of two technicians that provided the Body Shop Manager with challenges to meet the increase in business volume.

State Farm	2013	2014	2015	Average
Repair performance management (RPM: Hours per day, estimate difference, days drop to pick up)	535	664	480	559.7
Ranking	6%	28%	18%	17%
Days drop to pick up	N/A	13.1	12.9	13.0
Body Shop is Improving Performance				

Figure 7.1-13 State Farm Body Shop Process Results (Improve Rank & Ranking)

7.1b Work Process Effectiveness Results

7.1b(1) Process Effectiveness and Efficiency Current levels and trends for the operational performance of the key work processes are included for the total dealership and by market segment. The NVS and UVS segments are combined as the key processes used are the same. Comparisons are not available for M&R and BR technician productivity.

Dealership Productivity, Figure 7.1-14, provides results that indicate accomplishment of overall operational process effectiveness and efficiency. The result calculates gross profit dollars per employee. DCF's performance leads the 20 Group benchmark.

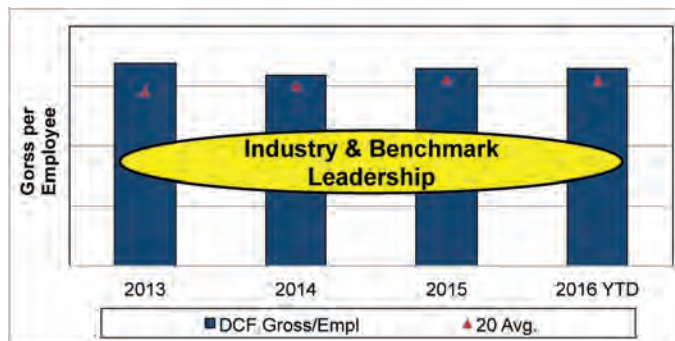


Figure 7.1-14 Dealership Productivity

	1-2	3-4	5+
2008	37%	34%	28%
2011	36%	30%	34%
2015	15%	18%	68%
2016	10%	20%	70%
Sustainability Thru COI			

Figure 7.1-15 Work System & Key Process Improvement (Increase Maturity)

DCF also uses revision levels of work systems to determine system and process maturity. Throughout the application the cycles of improvement (COI) have been noted with the FORD logo and the revision levels for the key work systems (31 Baldrige + 10 key work processes). These are summarized in Figure 7.1-15. Levels of improvement come from Baldrige criteria changes, new

technology, and FORD system improvements. We searched Baldrige winner's category 7 applications from 2007-2014 and could not find anyone who tracked their process improvements through revisions to compare our performance.

Segment: NVS/UVS: DCF's sales consultants earn more salary per unit sold than the 20 Group and the Albuquerque market leader, FD1 as in Figure 7.1-16. The favorable bonus plan provides DCF a competitive advantage in the market to recruit and retain new members of the sales force.

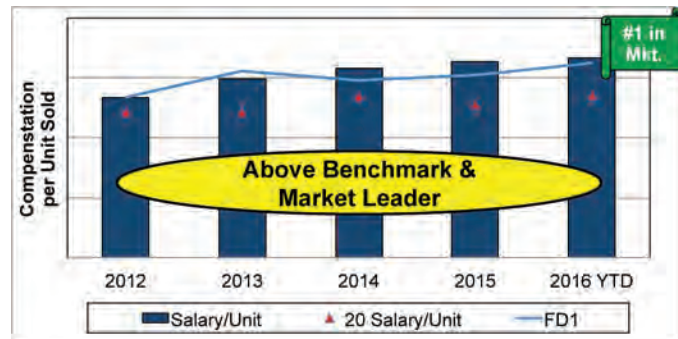


Figure 7.1-16 Sales Consultant Salary/Unit Sold NVS/UVS (+2% Annually)

Sales productivity in Figure 7.1-17 is measured by the total gross profit for new and used vehicle sales divided by the number of units sold. DCF's performance continues to exceed the 20 Group Benchmark.

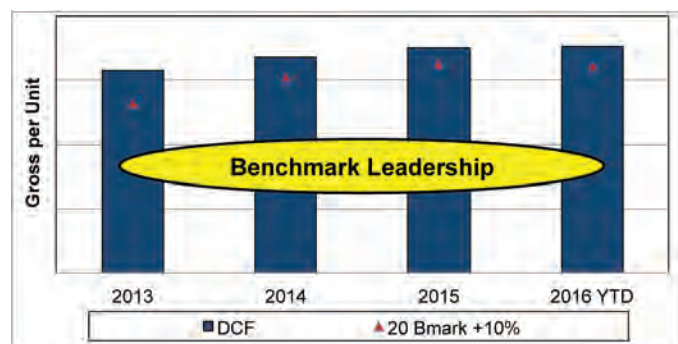


Figure 7.1-17 Productivity (Gross per Vehicle) NVS/UVS (20 Group Avg)

Sales in-process results are in Figure 7.1-18 from the Sales Prospect Control (SPC) system with the upper and lower limits of control. The in process data points include: 1) Number of visits (prospective customers who come to the dealership), 2) % BeBacks (prospects who return), 3) Key Presented (percentage of prospects who received a presentation of the vehicle) 4)

Sales In-Process Measures	Lower Limit	Upper Limit	2013	2014	2015	Note
Number of visits	N/A	N/A	9,271	9,420	9,421	Flat market
% BeBacks	45%	55%	49.6%	52.7%	53.8%	in control
% keys presentation	60%	70%	66.1%	62.9%	66.2%	in control
% demonstration ride	60%	70%	63.6%	57.3%	60.5%	in control
% written contracts	70%	80%	75%	82%	79%	in control
% contracts closed	50%	60%	55.5%	55.4%	52.2%	in control
Best-in-class process briefed to over 3,000 dealers in Detroit... FMC deems a best practice						

Figure 7.1-18 Sales In-Process Measures NVS/UVS (Stay Within Control Limits)



Demonstration Ride (percentage of customers who went on demonstration drives, 5) % written contracts, which is the percentage of demonstration drives with proposal to buy, and 4) % contracts closed, which is the percentage of prospects that finalized purchase. **This is a proprietary process developed by REYREY specifically for DCF so there are no comparisons.**
Segment: M&R: Technician Productivity (Figure 7.1-19) for M&R technicians is a key service process result. It measures the percent of booked (sold) hours against the available hours per month. Units in operation (total units available to service) has declined nationally and FMC has increased maintenance intervals from 5,000 to 7,500 and some to 10,000 miles on some vehicles so visits to DCF are less frequent. To increase technician capacity at all locations and meet strategic objective 5 in Figure 2.1-2, we have added technicians. This affects overall productivity. As these technicians increase their efficiency technician productivity will ramp back up to the goal of 180 hours.

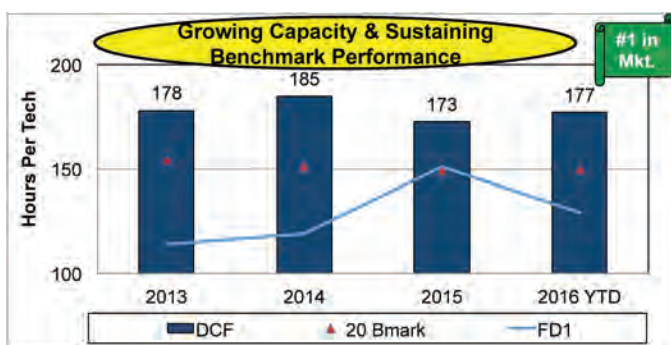


Figure 7.1-19 Technician Productivity (Hours per Technician) M&R (180 Hours per Tech)

As indicated in Figure 7.1-20, Dollars per Repair Order (RO) have not declined significantly with the capacity ramp up. This tracks the labor dollars booked on ROs. DCF continues to sustain benchmark performance.

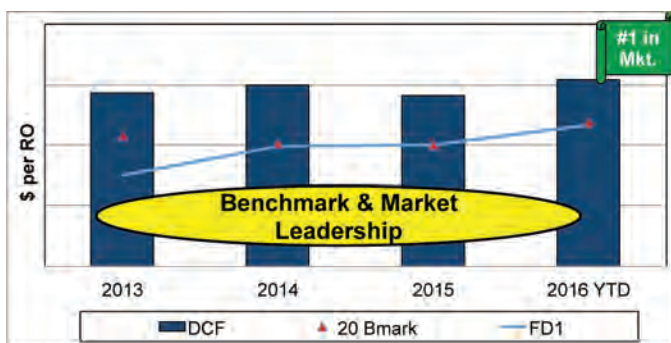


Figure 7.1-20 Technician Productivity (\$ per RO) M&R (\$150 per RO)

To improve overall customer satisfaction on the time it took to repair vehicles and reduce the customer's inconvenience, the main shop Service Manager and Shop Foreman began reviewing repair orders in mid-2013 that were checked in before noon and not diagnosed the same day (a "carryover"). During this time, over 10 vehicles per day were not diagnosed. Use of the FORD Improvement Process provided a world-class improvement in overall customer satisfaction. The average number of vehicles carried over has improved from over 6 vehicles per day to only half a vehicle per day (Figure 7.1-21).

Service Advisors are coached to improve how they explain needed maintenance. A third-party consultant from Next Level

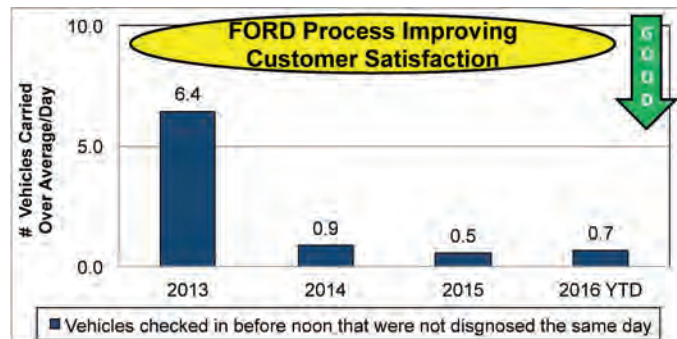


Figure 7.1-21 Carryovers (Vehicles Checked-in Before Noon Not Diagnosed the Same Day) M&R (1)

consulting has been coaching word tracts to explain the multi-point inspection which has a green, yellow, red analysis tool. DCF is approaching and has reached benchmark levels for Service up sell recommendations (SUT Rec.) and service up-sell to sell the needed maintenance (SUT Sell) in Figure 7.1-22. Oil changes per day measures how many internal and retail oil changes we perform daily. Performance in 2015 was the highest in our history and is compared to the Jiffy Lube next door, the market leader. Repeat repairs have declined with the improvement of the Fix It Right the First Time FORD process improvement and the appointments per day are at sustained levels as based upon the shop capacity.

In-Process Measures	2013	2014	2015	Trend	Bmark Compare
Bmark SUT Rec. FMC	50%	50%	50%	21%	18%
DCF SUT Rec.	39%	42%	47%	20.5%	
Bmark SUT Sell FMC	20%	20%	20%	23%	29%
DCF SUT Sell	22%	28%	27%	22.7%	
TBB Goal	12%	15%	15%	13%	-16%
Tires/Brakes/Batteries (TBB)	11%	12%	12.6%	14.6%	
DCF oil changes per day Goal	47	47	50		4%
DCF Oil changes per day	46	47	52	11.7%	
Jiffy Lube next door	30		25	-16.7%	118%
Repeat Repairs (Comebacks) #	N/A	N/A	157		Lower is Better
Repeat Repairs (Comebacks) %	N/A	N/A	1.3%	1.1% (2016)	
Service Reservation Show Rate	38%	43%	79%	+111%	

DCF is Performing Service At or Near Benchmark Levels

Figure 7.1-22 Service Productivity M&R (50/20/+10%)

The Delivery Department sets the first service appointment before the customer leaves with their new or used vehicle. This loyalty is measured by First Appointment Retained in Figure 7.1-23. DCF has sustained performance and is at or near the New Mexico benchmark. The New and Used Owner Clinics

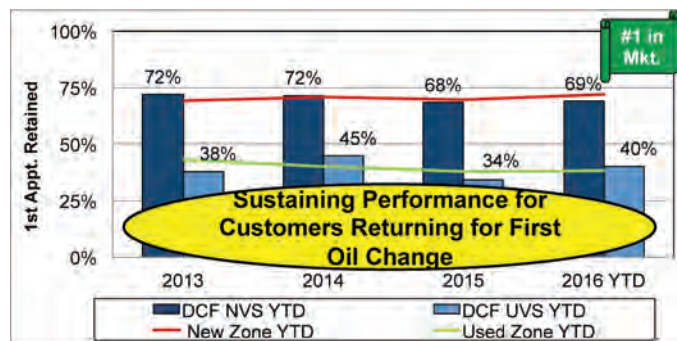


Figure 7.1-23 First Appointment Retained M&R (75%)



have contributed to this sustained performance.

Segment: BR: Body Shop technician productivity is measured by dollars per repair order (RO). DCF is consistently performing above the 20 Group Benchmark (Figure 7.1-24). Neither FD1 nor FD2 have a body shop, so DCF is the market leader.

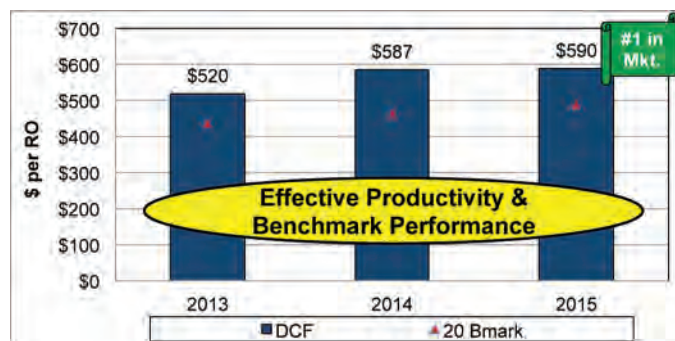


Figure 7.1-24 Body Technician Productivity (\$ per RO) BR (\$700)

Support processes for Accounting, Human Resources (HR), Information Technology (IT), Don Chalmers Insurance Services (DCIS), Learning and Development, and Parts are in Figure 7.1-25. In 2015, all in process measures were making progress, at goal or benchmark. DCIS is the 2015 Allstate Household Bundling Champion and the 2015 Auto Growth Champion, and the 2015 Life and Retirement Policies Sold Champion. This prestigious accomplishment is awarded for the Southwest region which is about 500 Allstate agencies and DCIS is the top agent.

Employee suggestions for improvement from the Driving Forward meetings logged on the BPR back page are in Figure 7.1-26. The results represent total improvements by area and then segmented by the KSD that is impacted. We continue to receive great ideas from employees by asking them “What’s on

Back Page Improvements	2013	2014	2015	2016	Total
Total Improvements	191	168	175	94	629
Service %	51%	44%	53%	31%	49%
Sales %	22%	39%	32%	44%	33%
Support %	28%	17%	14%	27%	19%
Improvements by BPR Key Success Driver					
Productivity	60	73	70	28	231
Employee Satisfaction	52	46	49	22	169
Customer Satisfaction	45	26	33	16	120
Other: Training, Volume, Community, Safety	27	17	37	13	94
One Improvement per Employee Per Year					

Figure 7.1-26 Employee Suggestions for Improvement All (Sustain, Expect Some Reduction)

Emergency Procedure	2013	2014	2015	2016
Safety & Emergency Training help per schedule, for all employees	Yes	Yes	Yes	Yes
Safety Committee and KPA inspection held	Yes	Yes	Yes	Yes
Backups completed on time and tested	Yes	Yes	Yes	Yes
REYREY backup tapes removed from the facility	Yes	Yes	Yes	Yes
Employees trained on how to notify 911 in case of a fire	Yes	Yes	Yes	Yes
Annual Fire Departments inspections passed	Yes	Yes	Yes	Yes
Workplace violence protection training performed	Yes	Yes	Yes	Yes
Snow removal preparation annual reminder completed (October)	Yes	Yes	Yes	Yes
100% Prepared for Emergencies				

Figure 7.1-27 Emergency Preparedness All (Sustain)

Their Minds” in the monthly Driving Forward meetings with their manager.

7.1b(2) Emergency Preparedness Results of DCF’s

Support Process	In Process Measure	Bmark(B)/ Goal(G)	2013	2014	2015	2016	Notes
Accounting	Net cash over monthly expenses	\$3,750K(G)	\$56K	\$2,859K	\$3,995K	\$4,376K	Better Financing Performance
	Accts Receivable (%>60 days vs. total AR)	95% (G)	83%	93%	87%	89%	
HR	Employees are proud to work at DCF	>4.2 (G)	4.5	4.5	4.7	4.7	Engaged & Happy Employees
	Best Dealership to Work For Rank	Top 25	No	23rd	13th	N/A	
	Compli % Compliance	90%(G)	N/A	N/A	87%	88%	
IT (Began tracking in 2016)	% Calls Answered Immediately	98% (G)	N/A	N/A	98.7%	98.7%	Strong Up-time
	% Resolved the Same Day	95% (G)	N/A	N/A	96.2%	99.7%	
	Server Availability	99%(G)	N/A	N/A	100.0%	100.0%	
Insurance (DCIS) Innovation began 10/2013	Turn from sales %	60%(B)	N/A	51%	58%	56%	We Are the Benchmark
	Bundle services (Home, Life &/or Car)	70% (B)	N/A	61%	81%	68%	
	Retention (Renewals)	60%	N/A	78%	82%	83%	
	Premium per Sales Producer	\$18,000 (B)	N/A	\$31,149	\$21,677	\$21,659	
Learning & Development	% of Training held per the schedule	95%(G)	97%	98%	98%	99%	Sustained Investment in Workforce Development
	Employees receive the training they need to achieve their goals	4.2(G)	4.2	4.3	4.4	10/16	
	% employees attended first scheduled NEO	95%(G)	75%	90%	95%	95%	
Parts	Level of Service (RO same day fill rate)	89.7% (B)	99%	99.2%	99.3%	99.1%	DCF is the Benchmark
	Courtesy & Respect (Behavior)	4.4 (G)	N/A	4.1	4.5	4.3	
	Accurately Informed (Communication)	4.4 (G)	N/A	4.2	4.5	4.4	
	REQs Filled Accurately (Quality)	4.4 (G)	N/A	4.4	4.7	4.5	
	REQs Filled Timely (Timeliness)	4.4 (G)	N/A	4.1	4.5	4.1	

Shade Legend: Blue=DCF is the benchmark (B); Green= at or above B/G; Yellow= making progress to B/G; Red= below B/G

Figure 7.1-25 Support Process Results All (Sustain)



Supplier	Product	Measurement	Current Performance (Trend)	Enhance Performance	Notes
FMC	New vehicle inventory	FMC TGW Rate	1,392	Increases customer loyalty	Improved 16%
	FMCC vehicle loans for customers	Loan approval rate (quality of application)	66% (Sustained)	Increases volume	10% better quality than local FMC dealers
NAPA	After market parts	On-time delivery <30 minutes	100%	Customer satisfaction	Improved from 26 min to 22 min (2015)

Figure 7.1-28 Supply Chain Management (Sustain)

(TGW)/1,000 rate. Performance has improved 16%. Ford Motor Credit (FMCC) assesses the quality of our loan application submittal by the loan approval rate. DCF's application quality is 66% for 2014 and 2015 and is 10% better than the local FMC competitors. After market parts on-time delivery and quality for NAPA is 100%.

7.2 Customer-Focused Results **RV**
7.2a Customer-Focused Results

7.2a(1) Customer Satisfaction The Consumer Experience Index (CEI) in Figure 7.2-1 represents FMC's indicator of overall customer satisfaction. VOC is the average of 6 indicators of the customer's NVS sales experience and 6 scores for the customer's M&R service experience. Results indicate benchmark and industry leadership compared to our 20 Group benchmark and the CVP group and the two local FMC dealers in our market. This is the key measure that FMC uses to determine President's Award winners.

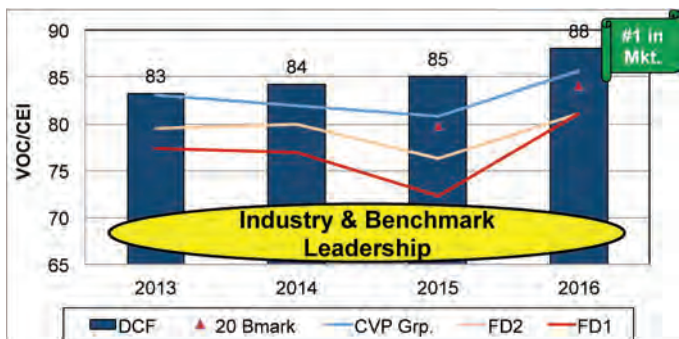


Figure 7.2-1 Overall Customer Satisfaction CEI NVS/M&R (88 Score)

DCF has been awarded the Dealer of the Year for 2015, 2016, and 2017 in our market by DealerRater. DealerRater is a customer review website and results are in Figure 7.2-2. Results indicate DCF's customers provide more responses and are happier than local competitors, FD1 and FD2 in the 5 categories. More completed surveys ensure that our

Category	2013			2015			2016 YTD			Market Leadership for Web-Based Customer Reviews
	DCF	FD2	FD1	DCF	FD2	FD1	DCF	FD2	FD1	
Customer Service	4.8	4.2	4.2	4.8	4.5	4.1	4.8	4.5	3.5	
Quality of work	4.9	4.3	4.3	4.8	4.5	4.1	4.8	4.1	3.5	
Friendliness	4.9	4.4	4.3	4.8	4.5	4.1	4.8	4.5	3.5	
Overall Experience	4.8	3.6	4.2	4.8	4.3	4.4	4.5	4.4	3.5	
Price	4.7	3.8	4.1	4.8	4.1	4.1	4.5	4.1	3.1	
Total	4.8	4.0	4.2	4.8	4.4	4.2	4.6	4.4	3.4	
Total Reviews	153	10	141	247	90	158	264	115	161	

Figure 7.2-2 Dealer Rater Review Scores (Sustain Market Leadership)



ratings represent true dealership performance and help improve satisfaction and loyalty.

DCF has a best-in-class process for social media (SM) interactions. Results are provided by MotoFuze, a third party provider, who monitors posts from all sites. This result balances positive, neutral and negative social media posts. Sites included are Cars.com, Dealer Rater, Facebook, Google+, Yahoo and Yelp. Data is not available for FD1 and FD2. 70% of the posts are from Facebook (45%) and DealerRater (25%). We are benchmarked against two dealerships in our market area that are successful in achieving good brand visibility. DCF encourages happy customers, from the MotoFuze follow-up emails, to post their comments to the social media site of their choice. The MotoFuze report we receive indicates that we have 956 reviews while our competitors have 153. Social media reputation is in Figure 7.2-3. We are performing better than the industry and our goal.

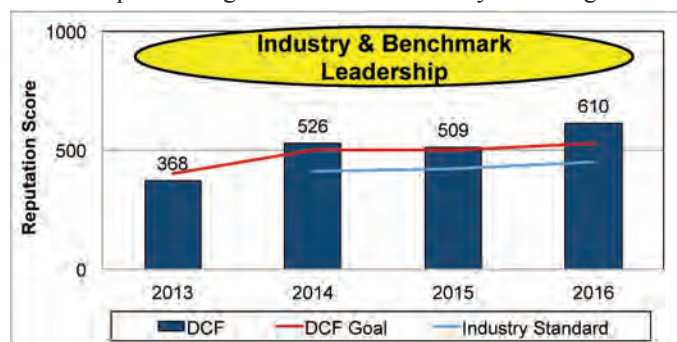


Figure 7.2-3 Social Media Reputation Score (525)

We also receive a report from Reputation Management through FMC. Results in Figure 7.2-4 indicate DCF is the Market and Industry leader. The two key measures in the table are the reputation score and the total reviews.

DCF's current levels and trends in other key measures of customer satisfaction and dissatisfaction are provided by market segment.

Segment: NVS: Total sales experience satisfaction scores for NVS are in Figure 7.2-5. DCF has sustained levels at or above the benchmark. The adverse trend in 2015 was due to

Social Media Reputation Management	2013	2014	2015	2016	3 yr. Avg.	Competitors Score 3 yr. Avg.	DCF Reviews Cum.	Competitor Reviews Cum.	Times Better
Reputation Score	4.0	4.4	4.4	4.4	4.3	3.1	630	40	16
Market & Industry Leadership									

Figure 7.2-4 Social Media Reputation Score & Total Reviews from Reputation Management (Sustain)

increasing sales capability and capacity to increase the number of sales consultants (Strategic Objective #4, Figure 2.2-1) and their learning curve to understanding the DCF Experience and the processes that drive that. **The March 2016 YTD score is 91.8.**

NVS customer dissatisfaction in Figure 7.2-6 is measured by the customers who gave DCF detractor scores: D (Fair) or E (Poor) (Figure 7.2-6) on the FMC CVP survey. DCF continues to perform better than the national and regional average (lower score is better).

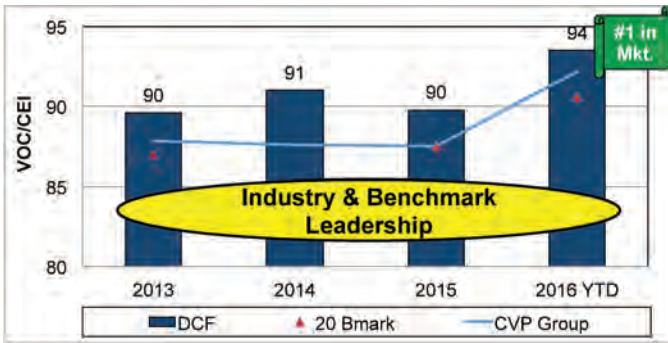


Figure 7.2-5 Customer Satisfaction NVS (90 Score)

	2015	2016 YTD	
DCF	1.7%	0.7%	<div style="border: 1px solid green; padding: 2px; display: inline-block;">GOOD</div> <div style="background-color: yellow; border: 1px solid black; padding: 2px; display: inline-block;">Regional & National Leadership</div>
FMC Region	3.0%	No new data	
FMC Nation	2.4%		

FMC deleted prior year information due to the survey process change.

Segment: UVS: UVS VOC (Figure 7.2-7), are the results of the postcard mailed by Gary with the “Thank you” letter after purchase.

Figure 7.2-6 Customer Dissatisfaction NVS (<1%)

The score averages the satisfaction (Figure 7.2-7) and recommend (Figure 7.2-19) as a “Yes” (100%) or “No” (0%) average. DCF has sustained levels over 90%. No other FMC dealers have a process for tracking this important result which is over half of DCF’s total volume. The Used Vehicle Director has a BPR action plan to improve customer transparency using Trade in Market Place (TIM) in pricing used vehicles, an innovation that our competitors do not have. This helps change negative reputation that “used car salesmen” have in the industry and is another example of DCF treating customers the way they want to and should be treated to gain their trust. DCF’s performance is nearing the luxury brand performance, which performs over 7% better than non-luxury brands, from Park Place Lexus a 2005 Baldrige Award winner.

Used Vehicle Satisfaction is in Figure 7.2-8, with postcard question, “How would you rate your overall experience with DCF?”. The performance is sustained at or above 92%. There are no comparisons for this measure but it feeds into the overall

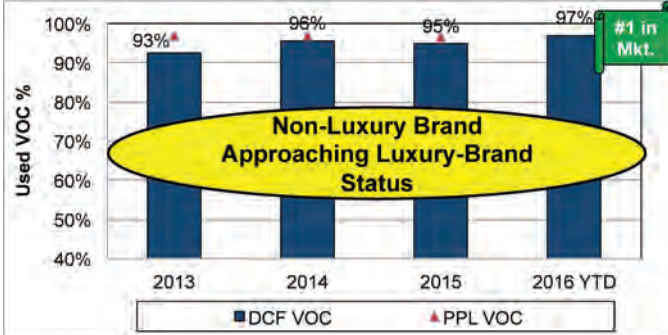


Figure 7.2-7 VOC UVS (94%)

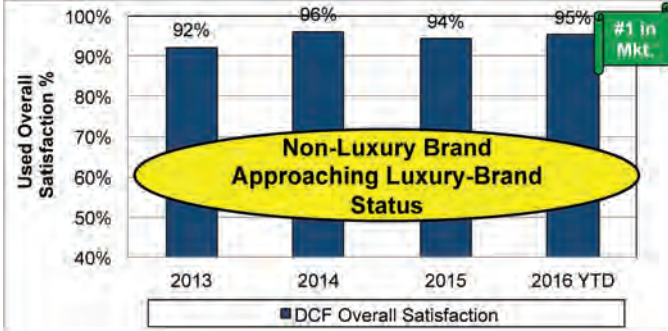


Figure 7.2-8 Customer Satisfaction UVS (94%)

VOC in Figure 7.2-7.

UVS Dissatisfaction is the inverse of the satisfaction score in Figure 7.2-5. Example: 2013 dissatisfaction was 7.8%, while 2015 was 5.7%.

Allstate surveys the Don Chalmers Insurance Services (DCIS) customers after purchase of a policy and issues an Agency Excellence Score (AES). The AES is calculated by taking the customer satisfaction results and applying an agency performance factor. Allstate sets a threshold goal where bonuses kick in for their agents and DCF is performing well above the Allstate expectation (Figure 7.2-9). The agency AES average is 120. Our performance has earned us 2015 honors for Bundling, Auto Growth and Life and Retirement Policies.

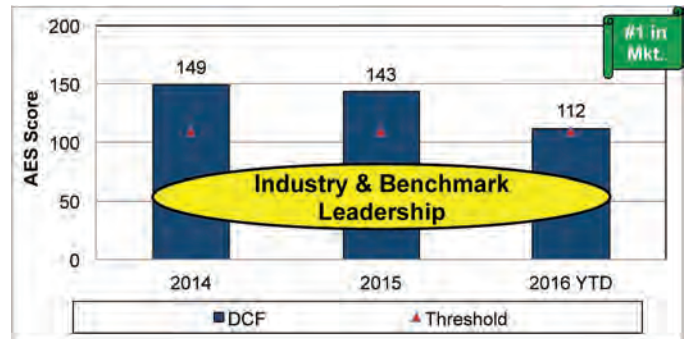


Figure 7.2-9 Allstate AES Score (DCIS) (160)

Segment: M&R: DCF received a letter from Alena Ford, granddaughter of Henry Ford, congratulating our service department’s ranking of 5th in the entire West Market area in 2015. Total M&R Satisfaction (Figure 7.2-10), indicates the CEI score for M&R performance at or above the comparisons and benchmarks for the main shop, and the two Quick Lanes. The innovation leap in performance was due to the improved carryover diagnosis process (results in Figure 7.1-21). **The March 2016 YTD score is 84.5.**

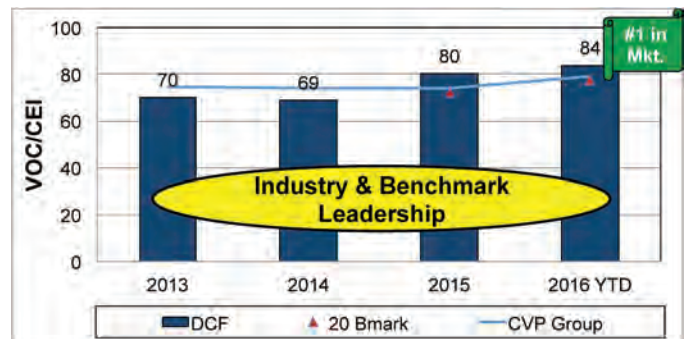


Figure 7.2-10 Customer Satisfaction CEI Score M&R (83)

The CEI scores for the three service locations (Figure 7.2-11) show DCF continues to provide excellent service at all service locations. Data for 2013 was not available from FMC due to the changes in the survey process.

M&R customer dissatisfaction is measured like NVS by the customers who gave DCF detractor scores: D (Fair) or E (Poor) (Figure 7.2-12) in the CVP Survey. DCF is performing above the region and national averages, lower number is good. Data for the previous years is no longer available from FMC. The reduction of dissatisfaction has been a key factor in the total satisfaction scores in Figure 7.2-10 improving.

Segment: BR: Results come from the NADA 24 follow up customer survey which uses a 10-point scale (Figure 7.2-13). FMC Data are not available since not all FMC dealers have a



	2013	2014	2015	2016	% Improvement
Main Shop					
DCF		76	81	83	9.6%
Nation		76	75	No data	-1.1%
CVP Group		75	74	No data	-1.3%
Quick Lane Rio Rancho					
DCF		76	81	84.4	10.8%
Nation		77	76	No data	-0.7%
CVP Group		76	75	No data	-0.8%
Quick Lane Coors					
DCF		76	80	89.7	18.5%
Nation		77	76	No data	-0.7%
CVP Group		76	75	No data	-0.8%
Benchmark Performance					

Figure 7.2-11 Customer Satisfaction CEI Score by Service Location

	2015	2016 YTD	
DCF	3.5%	4.1%	<div style="border: 1px solid green; padding: 5px; color: green; font-weight: bold;">GOOD</div> Regional & National Leadership
FMC Region	6.5%	No new data	
FMC Nation	5.9%	No new data	

Figure 7.2-12 Customer Dissatisfaction M&R (3%)

body shop. NADA 24 is the best comparison of all body shops across the nation. DCF consistently outperforms the benchmark.

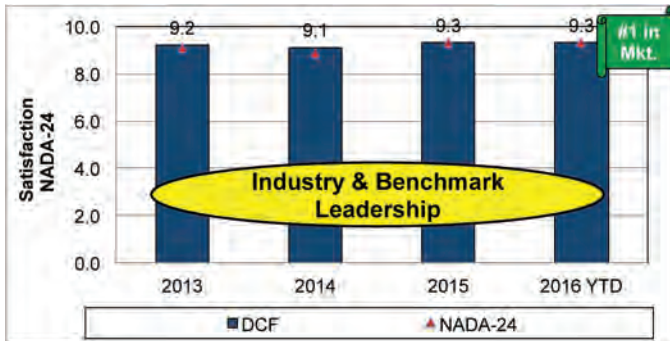


Figure 7.2-13 Customer Satisfaction BR (9.5%)

Overall dissatisfaction (lower is better) is calculated from the percent of customers who gave DCF a 1-4 score. Results are 2013: 5.6%; 2014: 4.3% and 2015: 5.4%. The BR Manager has included a process in his 2015 BPR to improve the communication process greeting in the body shop office.

7.2a(2) Customer Engagement DCF uses two of the questions on the FMC CVP survey to assess customer engagement and how well we are building relationships. These questions were part of the survey redesign so there are only 2 years of data available for DCF and only one for the comparisons. The “I really love Don Chalmers Ford” question

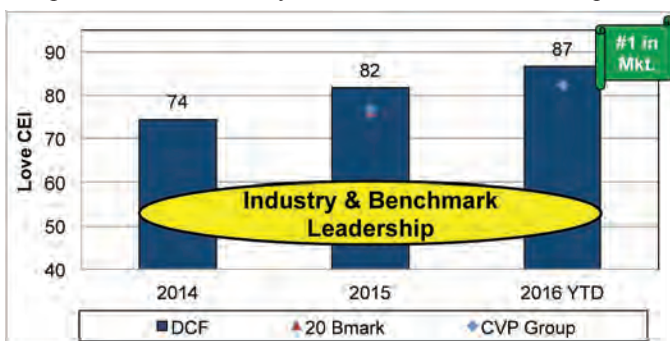


Figure 7.2-14 Overall Customer Engagement NVS/M&R (80)



(Figure 7.2-14) assesses customer engagement. We are performing at benchmark levels. **The 2016 YTD score is 85.4 through March 31.**

Positive Customer Relationships are defined by the question “I’m always telling others about my great experiences at Don Chalmers Ford” (Figure 7.2-15). This provides us a measure of customer advocacy by recommending DCF to their family and friends. Again DCF is the market, industry leader performing at benchmark levels.

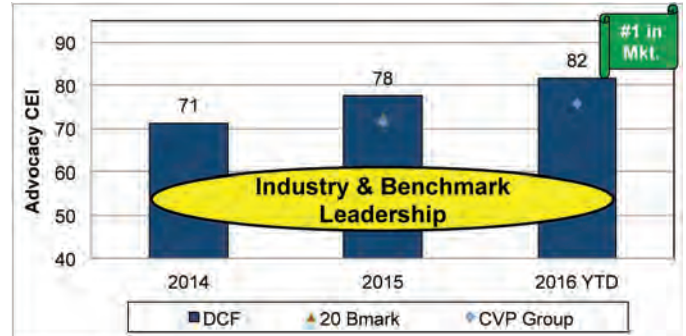


Figure 7.2-15 Customer Advocacy Total NVS/M&R (75)

Segment: NVS: Customer Engagement (I really love DCF) from the CVP survey (Figure 7.2-16) is the key indicator for results that indicate our customers are engaged with **The DCF Experience**. This also indicates continued market and national leadership.

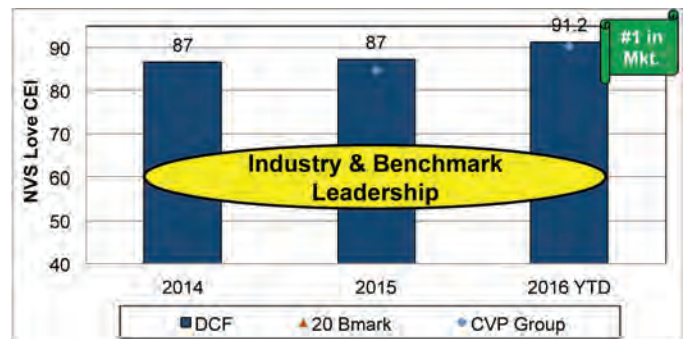


Figure 7.2-16 Customer Engagement NVS (90)

Customer advocacy for NVS is in Figure 7.2-17. This is the question that asks if the customer is always telling others about their great experience at DCF. DCF continues to be the industry and benchmark leader.

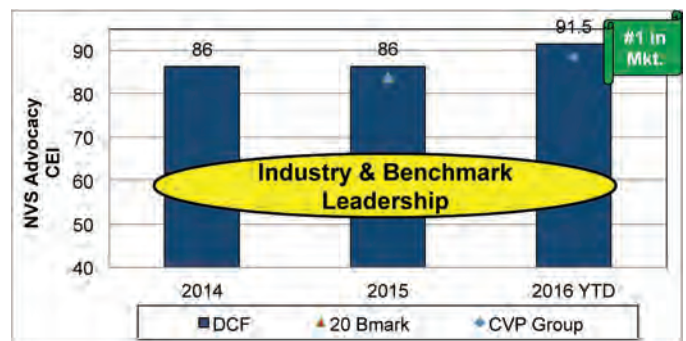


Figure 7.2-17 Customer Advocacy NVS (90)

Sales Loyalty in Figure 7.2-18 is obtained from FMC. It is calculated from owners who purchased a new FMC vehicle from DCF over the past 10 years and owned the vehicle at the time of the new purchase. Included are customers who return to the market to purchase an FMC vehicle DCF sells and purchased within a 60-90 minute drive from the dealership.

DCF continues to be at or near number one in all indicators and has beaten FD1, the market volume leader, three of the last six years.

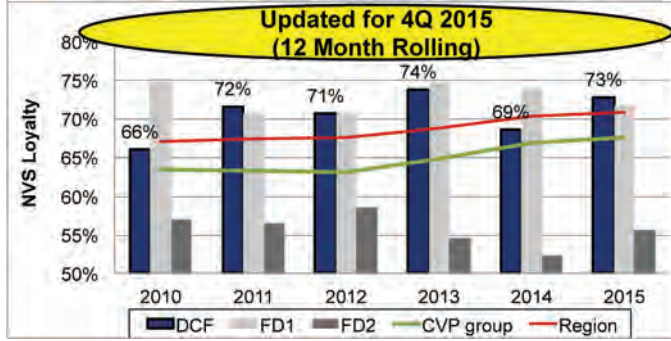


Figure 7.2-18 Customer Loyalty NVS (76%)

Segment: UVS: UVS Engagement (recommend to family and friends) results are in Figure 7.2-19, accumulated from the postcard. The actions discussed in Figure 7.2-7 will help sustain and improve this result. Over 95% of the UVS customers in 2014 and 2015 answered that they would recommend DCF to their family and friends. DCF is out-performing the Luxury brand. These results are due to the use of Trade-in Marketplace and the transparency built into our sales processes using the iPad.

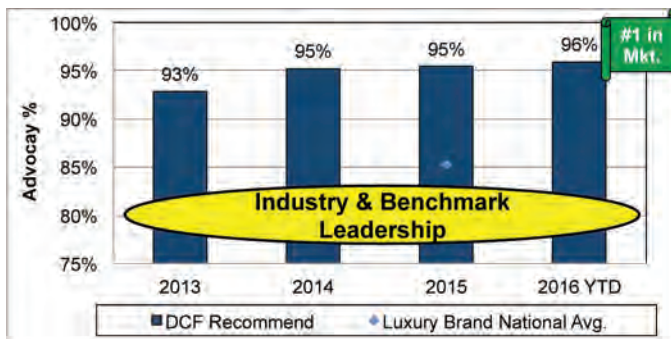


Figure 7.2-19 Customer Engagement UVS (94%)

Segment: M&R: M&R Customer Engagement (I really love DCF) from the CVP survey (Figure 7.2-20) is the key indicator for results that indicate our customers are engaged with **The DCF Experience**. This also indicates continued market and national leadership.

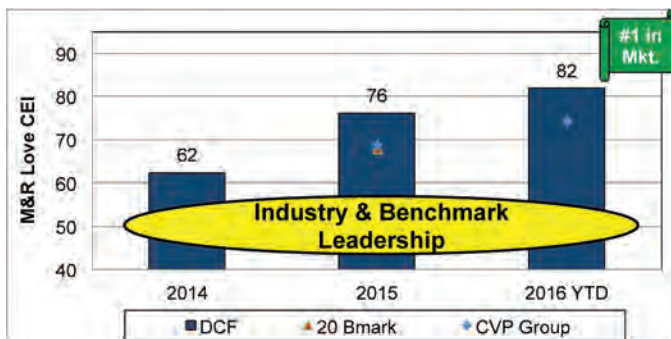


Figure 7.2-20 Customer Engagement M&R(80)

Customer advocacy for M&R is in Figure 7.2-21. This is the question that asks if the customer is always telling others about their great experience at DCF. DCF continues to be the industry and benchmark leader.

Loyalty for service is presented for 2010 through 2015 with comparisons to FD1, FD2, the CVP Group and the Phoenix Region in Figure 7.2-22. DCF continues to be a leader

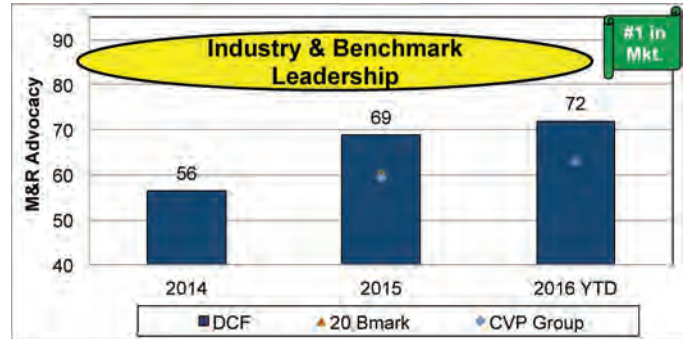


Figure 7.2-21 Customer Engagement M&R (84)

in our market and versus the comparisons. These results are calculated by FMC and are based on customers that came to DCF in the initial 12 months for service work and who returned the following 12 months for service work.



Figure 7.2-22 Customer Loyalty M&R (68%)

Segment: BR: BR engagement (Figure 7.2-23) is determined on the recommend question on the NADA 24 survey. Results indicate scores are sustaining benchmark performance and outperforming the NADA 24 comparison.

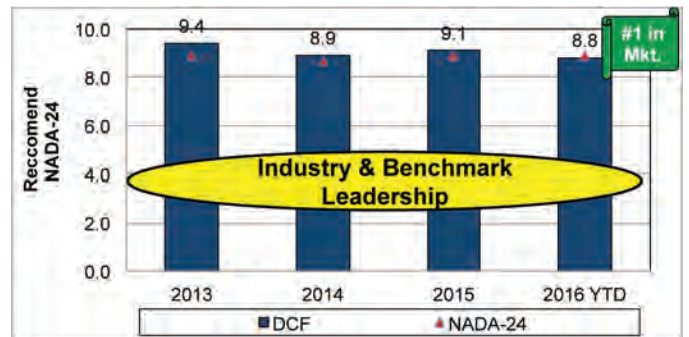


Figure 7.2-23 BR Customer Engagement BR (9.5)

Other Customer Engagement Information: A survey for customers attending the Owner & MPGreen Clinics asks what was most beneficial and whether the event was a valuable use of their time, to which 100% of the attendees say “yes” (Figure 7.2-24). By an overwhelming majority, the most beneficial part

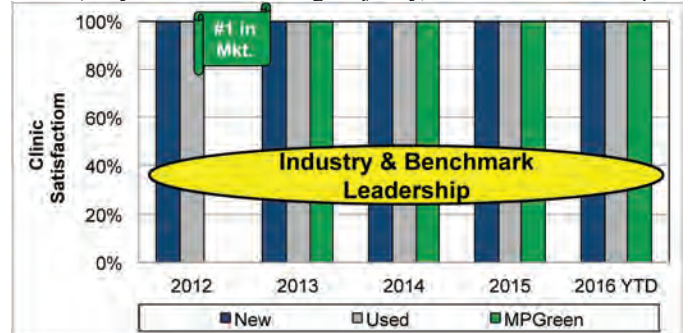


Figure 7.2-24 Customer Engagement (Clinics) (100%)



Clinic	2012	2013	2014	2015	2016	Total
New	248	301	489	511	278	1,827
Used	39	96	70	84	82	371
MPG	N/A	62	103	165	45	375
Total	287	459	662	760	405	2,573
Real Value delivered to >2,500 Real People						

Figure 7.2-25 Clinic Attendance

of the event is getting to know more about DCF. Over 2,500 customers and their families have attended our clinics (Figure 7.2-25). A recent customer survey from the March New Owner Clinic said, “We love you so much. We have been telling our family and friends how nice everybody is.”

7.3 Workforce-Focused Results
7.3a Workforce-Focused Results

7.3a(1) Workforce Capability and Capacity Current levels of workforce capability and capacity include staffing levels to the appropriate technical skills in service. DCF maintains the highest levels of certification. Competency and certification levels of service technicians (Figure 7.3-1) are based upon FMC’s technical certification program with a required number of appropriate skills. DCF far exceeds the required certifications and goes over and above to get Senior Master Certified technicians, FMC’s highest level of certification. Trends are not significant as the current levels indicate areas to train in if a gap to the standards exists.

Competency	Base Reqd	DCF Cert.	Sept '16	% of Base Reqmnt	Senior Master Reqd	Senior Master Cert	Sept '16	% Over & Above
Gas Engine Perf.	2	8	10	400	0	3	4	400
Gas Engine Repair	1	20	18	1,800	0	3	4	400
Steering & Susp.	1	16	18	1,800	0	3	4	400
Electrical Systems	4	22	20	500	0	3	4	400
Climate Control	1	18	18	180	0	3	4	400
Trans. & Drivetrain	1	8	10	1,000	0	3	4	400
Automatic Trans.	1	7	8	800	0	3	4	400
Brakes	1	17	20	2,000	0	3	4	400
Electronic Systems	1	5	6	600	0	3	4	400
Diesel Engine Perf.	1	11	10	1,000	0	3	4	400
Diesel Engine Repair	1	15	15	1,300	0	3	4	400
Industry & Benchmark Leadership in Capability & Capacity								

Figure 7.3-1 FMC Capability & Capacity Technician Certification Levels (Sustain)

Continuing to ensure high levels of capability and skills, certification levels for other positions in sales and service are assessed. FMC has base levels of certification requirements (Figure 7.3-2) and Master Certified (Figure 7.3-3) in key areas. FMC’s requirement is 75% (allows new employees 90 days to get certified). DCF’s goal is 100%, (green shading), and encourages Master levels which are electives from FMC. DCF cross-trains and prepares for succession, so some certifications exceed 100% (blue shading).

DCF monitors capacity by assessing staffing potential (authorized positions) and actual staffing (positions filled) to determine our staffing strength to meet the demand of customers and the market. As in Figure 7.3-4, DCF has increased our staffing levels from 74% to 78% from 2013 to 2015 and indicates that we have 20% growth capability. The shortages that are most important to meeting our strategic plan are sales consultants and Service Technicians. Our goal is to be over 85% in Sales

of the event is getting to know more about DCF.

Over 2,500 customers and their families have attended our clinics (Figure 7.2-25). A recent customer survey from the March New Owner Clinic said, “We love you so much. We have been telling our family and friends how nice everybody is.”

Position	#	Base	9/16	%
Body Shop Mgr.	1	1	1	100%
Coml. Truck Specialists	4	6	7	175%
Customer Relations Mgr.	1	1	1	100%
Financial Service Mgrs.	4	4	4	80%
Internet Sales Specialist	3	8	3	100%
Parts Counterperson	6	6	5	100%
Parts Mgrs.	1	1	1	100%
Sales Consultants	36	35	29	91%
Sales Mgrs.	5	5	5	100%
Service Advisor	6	6	6	100%
QL Mgrs. or Advisors	7	7	8	100%
Service Managers	1	1	1	100%
Sync Specialist	3	18	11	367%
Warranty Admin	1	1	1	100%
At/Exceeding All FMC Certification Reqmts.				

Figure 7.3-2 Capability FMC Base Requirement Certification Levels (100%)

Additional improvements are the result of our investment in skills training, the Career Builder program for Sales Consultants, our apprentice program, and recruitment from trade schools for technicians.

Position	#	Mstr	%
Body Shop Mgr.	1	1	100%
Comm.Truck Specialists	4	6	150%
Customer Relations Mgr.	1	1	100%
Financial Service Mgrs.	4	3	75%
Internet Sales Specialist	N/A	N/A	
Parts Counterperson	6	4	67%
Parts Mgrs.	1	1	100%
Sales Consultants	36	22	61%
Sales Mgrs.	5	4	80%
Service Advisor	6	3	50%
QL Mgrs. or Advisors	N/A	N/A	
Service Managers	1	1	100%
Sync Specialist	N/A	N/A	
Warranty Admin,	1	1	100%
At or Exceeding All FMC Certification Requirements			

Figure 7.3-3 Capability FMC Master Certification Levels (100%)

7.3a(2) Workforce Climate The annual workforce survey provides overall workforce feedback on the statement, “The Safety Program provides a safe work environment” and supports the core value of Safe and Secure Workplace (Figure 7.3-5). DCF has made improvement using KPA and an effective

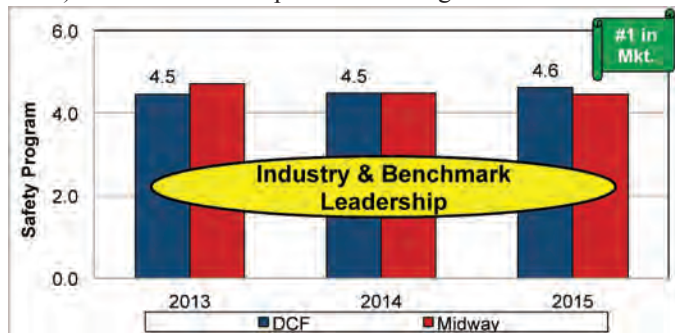


Figure 7.3-5 Workforce Climate, Workforce Survey (>4.5)



Capacity	2013			2014			2015			2016 YTD		
	Auth. Positions	Positions Filled	% Cap.	Auth. Positions	Positions Filled	% Cap.	Auth. Positions	Positions Filled	% Cap.	Auth. Positions	Positions Filled	% Cap.
Admin/Other	61	47	77%	63	46	73%	63	44	70%	60	45	75%
Sales Consultants	55	29	53%	57	36	63%	58	42	72%	58	38	66%
Service Techs	51	37	73%	51	36	71%	51	41	80%	51	39	76%
Body Shop Techs	11	9	82%	11	11	100%	12	11	92%	12	11	92%
Parts	6	6	100%	6	6	100%	6	5	83%	6	6	100%
Service Advisors	12	12	100%	13	13	100%	15	13	87%	17	12	71%
Managers	33	30	91%	31	29	94%	33	28	85%	30	30	100%
Total	229	170	74%	232	177	76%	238	184	77%	234	181	77%

DCF Has 20% Potential Growth Available to Meet Market & Customer Needs

Figure 7.3-4 Staffing Levels

safety committee and is performing at the same level as two time MBNQA (2009 & 2015) winner Midway USA. We also scored 99% for three consecutive years on the best dealership to work for survey. The average is 94%.

Our Experience Modification Rate (EMR) for 2016-2017 is .87, an improvement from 1.23 in 2014-2015 (lower is better).

Results of the Safety Committee and KPA consulting are in Figure 7.3-6. Our results are in the monthly 20 Group report and each manager has an individual score. The KPA top quartile and average is for 100 dealerships in Arizona and New Mexico.

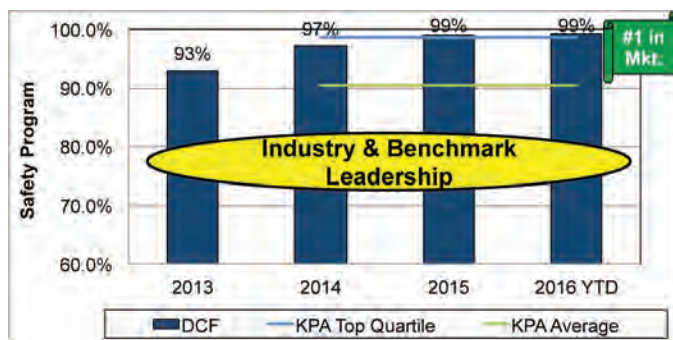


Figure 7.3-6 Safety Scores

The on-site Wellness Clinic visit results (Figure 7.3-7) provide 12-month rolling periods of comparisons from Blue Cross Blue Shield (DCF's health benefit supplier through 2015) on DCF's claims experience. 2016 data is not available yet. We have out-performed the benchmark for outpatient visits and professional services per thousand. A lower number is better. This provides a focus on the core competency of Family Values.

Area	2013	2014	% Variance to Benchmark
Clinic Visits/Month from EHRs	51	52	N/A
DCF Outpatient Visits/1000	785	N/A	-33.2%
Outpatient Visits/1000 Benchmark	1175		
DCF Professional Services/1000	10527	N/A	-21.6%
Professional Services/1000 Benchmark	13423		

Clinic Saves DCF \$50,000 per Year

Figure 7.3-7 Health Plan Cost Comparisons (Sustain)

Results from the wellness promotions indicate an increase in the number of employees who are non-smokers compared to the New Mexico state average (Figure 7.3-8). In support of the non-smoking program and wellness campaign over the last 8 years, 18 employees have quit smoking, and they each received the \$1,000 bonus that we pay if they quit for a year. Additional

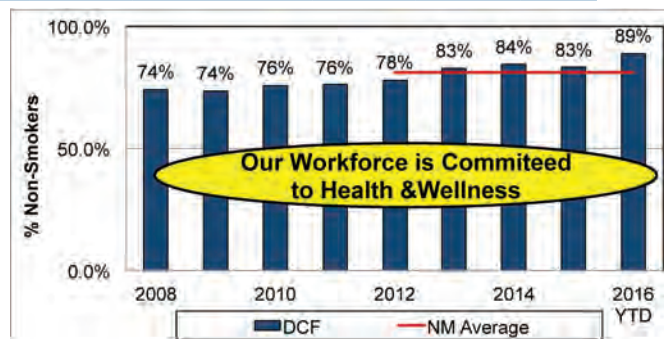


Figure 7.3-8 Non-Smokers Percentage (80%)

rewards and incentives are in Figure 5.2-2.

7.3a(3) Workforce Engagement Figure 7.3-9 represents workforce engagement for employees who have been selected

Workforce Segment	2002-2016 People	%
Sales	30	25%
Service	38	32%
Body Shop	7	6%
Administrative	15	13%
Managers	29	24%
Total	119	

Sustained High Performance Focused on Opportunity & Career Growth

for new career opportunities from within DCF. Since 2002, 119 employees (8 per year average) have progressed through promotions and/or new job positions.

Figure 7.3-9 Career Progression: New Positions/Promotions (Continue Providing Opportunities)

Employee career growth supports the KSD of Employee Satisfaction and Engagement. Data from competitors or industry are not available.

CEM Survey results are in Figure 7.3-10 and show continued improvement and benchmark leadership.

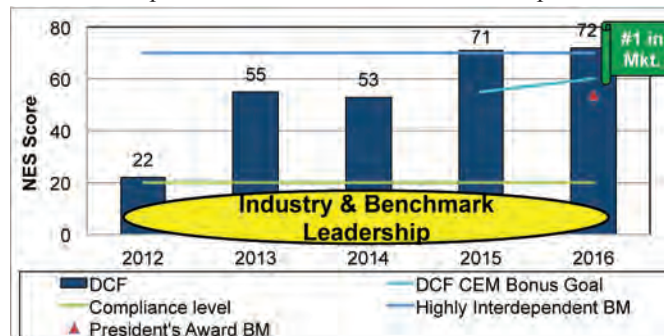


Figure 7.3-10 CEM Employee Engagement NES (Sustain)

The CEM survey net engagement score (NES) is calculated by giving 1 point for every 5, half a point for a 4, and minus 1 for every 3, 2, or 1 and then multiplying by 100. According to FMC, a score above 70 is benchmark level and indicates

we have matured from survival dependent (<20) to highly interdependent and a culture of innovation (FMC's Words) (>70). Our FMC coach works with another President's award winner and provided a valid benchmark, same size, multi-point and focused on customer satisfaction and engagement and we are also performing above their performance level.

Category	2013	2014	2015
DCF Overall Rank	>100	23	13
DCF Large Size Rank		5	3
FMC Dealer Rank		1	1

DCF is the #1 Ford Dealership in the Nation to Work For

The Best Dealerships to Work For (BDTWF) survey Top 100 overall rank, large size dealer rank, and FMC dealership rank are in Figure 7.3-11. We are the number one FMC dealership to work for the last two years. We are one of only two dealerships ranked in the Top 15 that are single-owner dealerships. We are out-performing multi store big corporate businesses like Penske and Auto Nation that have additional large corporate resources to support their workforce.

Figure 7.3-11 BDTWF (Top 25 National)

Engagement and satisfaction results are in Figure 7.3-12 from our DCF survey. The results are a direct result of the Driving Forward meetings and the back page improvement process that engages employees to provide areas for improvement. 2012 results saw a significant improvement as the survey was held after the 2012 Baldrige site visit. Before this defining moment, we could not reach the 4.0 score, and now we continue to exceed that goal.

Engagement and satisfaction results are in Figure 7.3-12 from our DCF survey. The results are a direct result of the Driving Forward meetings and the back page improvement process that engages employees to provide areas for improvement. 2012 results saw a significant improvement as the survey was held after the 2012 Baldrige site visit. Before this defining moment, we could not reach the 4.0 score, and now we continue to exceed that goal.

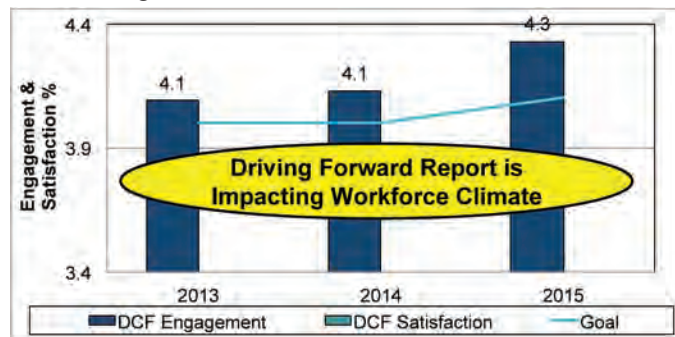


Figure 7.3-12 EE & Satisfaction from DCF Survey (4.3)

The employee engagement results from the DCF survey

Engagement	2011	2012	2013	2014	2015	Change	Notes
DCF Goal	3.8	4.0	4.0	4.0	4.1		
Stretch Goal	4.0	4.2	4.2	4.2	4.5		
DCF Engagement	3.9	4.3	4.1	4.1	4.3	12%	DFR back page impacting engagement
Sales	4.0	4.1	4.2	4.2	4.4	10%	
Service Main (Goal 3.8)	4.0	4.2	3.8	3.4	3.8	-4%	120 improvements implemented
QL Coors (Goal 3.8)	N/A	5.0	4.8	3.7	4.9	-2%	
QL RR (Goal 3.8)	4.1	3.8	3.7	3.9	4.7	15%	
Body Shop (Goal 3.8)	3.5	3.7	3.9	4.0	4.1	19%	
Delivery	3.8	4.7	4.5	4.5	4.7	24%	
Parts (Goal 3.8)	3.7	4.6	3.1	3.9	4.1	12%	
Managers	4.2	4.8	4.7	4.8	4.7	13%	
DCIS (Allstate)	N/A	N/A	3.5	4.3	4.0	15%	
% Participation	80%	79%	89%	88%	87%		Consistent valid workforce sample

Shading: No Shade = Not At Goal; **Green** => Goal; **Blue** => Stretch Goal

Driving Forward Meetings Are Engaging DCF's Workforce

Figure 7.3-13 Workforce Engagement (>4.3)



Satisfaction	2011	2012	2013	2014	2015	Change
DCF Goal	3.8	4.0	4.0	4.0	4.1	
Stretch Goal	4.0	4.2	4.2	4.2	4.5	
DCF Engagement	4.0	4.3	4.2	4.1	4.4	9%
Sales	4.2	4.2	4.2	4.2	4.5	8%
Service Main (Goal 3.8)	3.7	4.2	3.9	3.3	3.9	6%
QL Coors (Goal 3.8)	5.0	5.0	4.7	3.9	4.9	Sustained
QL RR (Goal 3.8)	4.0	3.8	3.9	4.1	4.8	18%
Body Shop (Goal 3.8)	3.8	4.1	4.3	4.1	4.3	13%
Delivery	4.0	4.7	4.4	4.5	4.8	19%
Parts (Goal 3.8)	3.9	4.7	3.6	3.6	4.2	8%
Managers	4.8	4.8	4.7	4.7	4.8	Sustained
DCIS (Allstate)	N/A	N/A	3.2	4.3	4.0	27%
% Participation	80%	79%	89%	88%	87%	

Shading: No Shade = Not At Goal; **Green** => Goal; **Blue** => Stretch Goal

Workforce Engagement is Improving Satisfaction

Figure 7.3-14 Workforce Satisfaction (>4.3)

are in Figure 7.3-13. Comments address adverse trends that are less than the goal. These also have direct alignment to the core value *Outstanding Employee Engagement and Satisfaction*. The goal is 4.0 or greater unless indicated.

Total dealership workforce satisfaction is in Figure 7.3-14.

DCF annually surveys the workforce to determine and revalidate the key success drivers that support workforce engagement and satisfaction. Although priorities of the rankings have shifted, they continue to be the most important priorities. Aligned to the requirements in Figure P.1-5, results



Figure 7.3-15 Top 3 Employee Requirements & Expectations Satisfaction (4.5)

are in Figure 7.3-15.

The workforce retention percentages for the years 2011-2015 are in Figure 7.3-16. Comparisons to PPL and Midway USA (2-time MBNQA Winner), indicates similar performance. The average retention of sales consultants in the United States for non-luxury brands is 26%. DCF has improved from 56.3% to 71.4% from 2011-2015.

Another result of workforce engagement is the percentage of employees who have the opportunity to volunteer in the community with a cause they care about. The average score continues to be over 4.4 on a 5-point scale

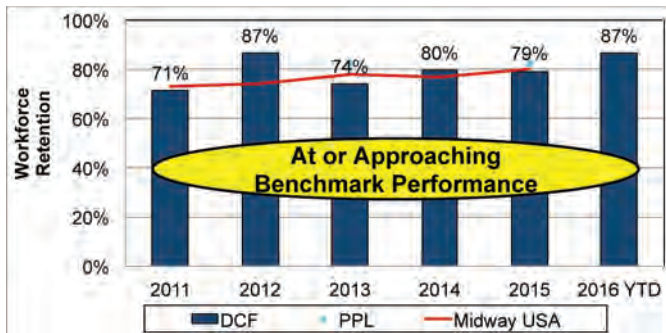


Figure 7.3-16 Workforce Retention (82%)

supporting the core value of Community Partnerships and Outstanding Employee Engagement and Satisfaction.

7.3a(4) Workforce Development Workforce development results are measured by training hours per employee (Figure 7.3-17). The goal has been to provide a minimum average of 35 hours of training per employee in 2011 and increasing that to 42 in 2015. The 2016 goal has been increased to 50. The results in Figures 7.3-1 Technician Certification, 7.3-2 Other Certifications and 7.3-3 Master certification provide results of the highly certified and capable workforce, exceeding FMC’s requirements. Training improvements in 2015 were driven by the sales consultant skills training from Service Group plus the Servant Leadership and teamwork training by The EPIC Advantage. Comparison to the Association for Training Development (ATD) national average and benchmarks, Midway USA and PPL indicates DCF is performing at industry and benchmark levels. This aligns with the core value of continuous learning.

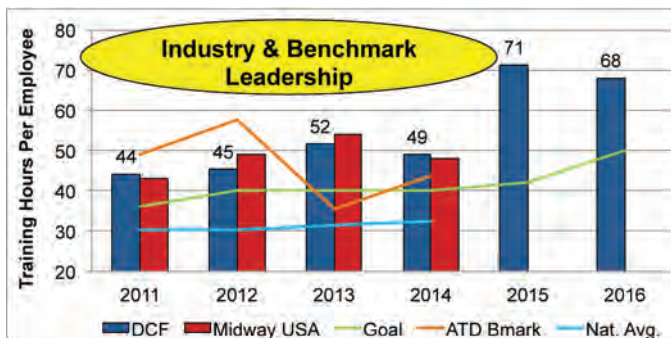


Figure 7.3-17 Workforce Training Hours per Employee (55)

Leadership Course (Source)	2011	2012	2013	2014	2015	2016 Plan
17 Indisputable Laws of Teamwork (Maxwell)			X			
Consumer Experience Movement (Coaching)	X	X	X	X	X	X
Building the Dream Team (The Epic Advantage)					X	X
Everyone Communicates, Few Connect (Maxwell)	X					
FMC Certification (FordStar)	X	X	X	X	X	X
How to Manage/Lead the DCF Way (DCF SLT)	X	X	X	X	X	X
Inspiring Trust (Covey)		X				
Leadership 1-1 Coaching (The Epic Advantage)					X	X
QNM/ Baldrige Examiners (QNM/Baldrige)	X			X	X	X
Servant Leadership (The Epic Advantage)				X	X	X
Total Leadership Training Hours	11	14	17	22	20	24
Percent of Leaders Trained	100%	100%	100%	100%	100%	100%
Sustained Focus on Leadership Development						

Figure 7.3-18 Leadership Development Training (24 Hours/Yr)

Sales Process Step	Pre-Test	Post-Test	Change
Greeting	67	84	25%
Needs Assessment	65	80	23%
Presentation	36	79	119%
Demonstration	37	73	97%
Proposal	54	73	35%
F&I	25	62	148%
Perfect Delivery	35	86	146%
Follow up	67	85	27%
Total	386	622	61%

Figure 7.3-19 Training Effectiveness

Percent of leaders and managers trained is in Figure 7.3-18. The selection of courses is based on employee survey results and individual needs. The years of each course are noted. DCF refreshers include annual training on How to Lead the DCF Way includes the DCF Experience, FORD Improvement

Process, Safety, Customer Service Standards, and Integrity and Ethics. FMC certification is annual.

Effectiveness of training is evaluated by knowledge level before the training session (pre-test) and after the session (post-test). An example of the results of sales certification training, by sales process step, is in Figure 7.3-19. As indicated, the knowledge level improved by 61% after the training session. Additional results AOS.

7.4 Leadership and Governance Results

7.4a Leadership, Governance, and Societal Responsibility Results

7.4a(1) Leadership The Senior Leadership Team’s (SLT) effectiveness in 2-way communication, engagement and deployment of the Vision, Mission and Values is in Figure 7.4-1. We are performing at Benchmark levels in all measurements. Most of the SLT’s focus on action plans are innovations that our competitors and benchmarks do not do (Green Font). Workforce Retention in Figure 7.3-16 is another key result that shows key indicators of the SLT’s effectiveness.

A key element of succession planning is having systems in place to sustain our performance so we are process and

Baldrige System Maturity	2003	2005	2008	2012	2016
System Implemented	14%	17%	19%	87%	97%
System Defined/Not Implemented	32%	26%	35%	13%	0%
System Exists/Not Documented	32%	48%	46%	0%	3%
No System	21%	9%	0%	0%	0%
Dedicated Focus on Leadership Sustainability Through System Maturity					

Figure 7.4-2 Baldrige System Self Assessment (90% Green)

system dependent versus people dependent. We assess leadership effectiveness by the maturity in critical systems which support alignment to our strategic advantage of Systematic Quality Systems (SQS). We self-assess systems aligned to the Baldrige Criteria (aka the Baldrige Systems). These 30 or so systems are documented in the inProcess on line manual for sustainability and deployment to the workforce. DCF performs an on-going internal assessment of these systems (listed in the glossary). As indicated in Figure 7.4-2, the systems are showing growth in maturity. As we prepared our Baldrige application we assessed the Supply-Chain management system as an area we need to document the system (our one undocumented system).

Area	Measurement	2013	2014	2015	Change	Bmark
SLT 2-Way Communication	% of new employees who meet 1-1 w/Gary	100%	100%	100%	BM	None
	Monthly Employee Lunch Held	100%	100%	100%	BM	None
	Leadership & Planning (BDTWF)	90	98	98	9%	98
	Vision and Values NPS (CEM Survey)	69	78	81	17%	68
	Leadership NPS (CEM Survey)	51	71	66	29%	49
SLT Engagement	Employee Loyalty (DCF survey #s 3,4,5)	4.45	4.39	4.62	4%	None
	>40 Community Service Hours Annually per Employee	Yes	Yes	Yes	BM	None
	March Forward Team Building	Yes	Yes	Yes	BM	None
	Driving Forward Report published monthly	100%	100%	100%	BM	None
	Social Cast % of workforce signed up	N/A	N/A	75%	BM	None
Vision/ Mission/ Values	Back Page Improvements	191	168	175	BM	None
	Safety & Secure Workplace (Safety Score)	92.8	97.1	99	7%	98.5
	Employees involved in working toward the Vision (DCF Survey #26)	4.1	4.0	4.3	6%	None
	% of employees who have a "How I connect sheet"	100%	100%	100%	BM	None
	Customer Loyalty NVS	74%	69%	73%	BM	71.7%
Customer Loyalty M&R	64%	65%	67%	6%	66%	
Industry & Benchmark Leadership						

Figure 7.4-1 Senior Leadership Effectiveness (Sustain Benchmark Performance)

7.4a(2) Governance Results for Governance and fiscal accountability from Figure 1.2-1 findings are in Figure 7.4-3 and indicate DCF meets all requirements and has positive performance. Trends and indicators for fiscal accountability audits are pass or fail scores. Floor plan audits, for example, have a positive result as FMC does not visit DCF because our processes have proven positive outcomes. Dealerships which aren't performing as well can have audits quarterly and even monthly, if necessary. The DPE checks the sales room, about 40 desks monthly (already has biometric entry so a non-authorized person cannot enter the sales room where customer information is used to process financing). This approach goes above and

Measure (I=Internal, E=External)	Performance	Trend
Every car deal (I)	On-going & on schedule	Beneficial Trends Have Been Sustained Over Time In All Areas of Importance To Accomplish DCF's Mission
Employee surveys (E)	Improving	
Every service invoice (I)	On-going & on schedule	
Monthly review of action plans & status (I)	On-going & on schedule	
Monthly financial closing (I)	No Findings	
End-of-year financial audit (E)	Passed	
Parts inventory (I/E)	Passed	
Workers compensation (E)	Passed	
Vehicle physical inventory (I)	Passed	
Compliance Officer (active SLT member) reviews policies, procedures & processes, as applicable	On-going & on schedule	
Warranty (I/E)	Passed	
OSHA (E)	Passed	
401k (E)	Passed	
CFO audits of key compliance processes (I)	Passed	
Fire Department (E)	Passed	
Safety through KPA (E)	99%	
BPR Performance	All Reviewed monthly	

Figure 7.4-3 Governance Results



beyond the regulation with a procedure that all deals cannot be left out with customer information, name, address, social security numbers, banks, etc. when they leave for the night. We have sustained over 90 % compliance in these monthly audits.

7.4a(3) Law and Regulation

Figure 7.4-4 shows DCF achieves and surpasses regulatory and legal requirements aligned to Figure 1.2-3. DCF also performs periodic audits (at least monthly) to ensure protection of customer information and privacy.

7.4a(4) Ethics

Aligned to our Core Competency of Integrity and Ethics, Figure 7.4-5 shows trends and indicators for ethical behavior and stakeholder trust that goes above and beyond what we are required to do. DCF has over 100,000 annual customer indirect and direct contacts, providing multiple opportunities for integrity and ethical breaches. We have

Measure (I=Internal, E=External)	Performance	Trend
Title, Tax & Registration on all vehicles	Passed	Beneficial Trends Have Been Sustained Over Time In All Areas Of Importance To Accomplish DCF's Mission
Cash Purchasing Reporting	Passed	
Emissions - every 2 years	Passed	
Client vehicle emissions, disposal of oil, hazardous materials & recycling of coolant	Passed	
Federal regulators including FMLA, Patriot Act, ADA, EEO Act	Passed	
Federal Truth in Lending Act	Passed	
Consumer Rights Protection Agency (Privacy Act)	Passed	
Stakeholders Know DCF Will Protect Them		

Figure 7.4-4 Regulatory & Legal Results (Sustain)

processes with built in proactive audits. DCF has had only a couple of lawsuits in regards to ethics, both resolved quickly. When a customer brings an ethical issue to the attention of the dealership it is reviewed by the appropriate SLT member for fast resolution. The innovation of the F&I audio video recording process while the customer is reviewing the financial requirements of their purchase has strengthened our approach to business and stakeholder (customer) trust. No other New Mexico automobile dealer has this proactive approach to business where financial transactions are recorded with the customer's permission. Our ethics approaches are innovations (**Green Font**) that our competitors and benchmarks do not do.

7.4a(5) Society

DCF is known throughout our community as a company that gives back. Our 20 year commitment to the **Real Value** core value of *Community Partnerships*, providing measurable results for company and employee outreach. Both financial support and employee participation are vital. To align with the **Real Value** core values of *Customer*

Stakeholder	Approach	Process Compliance (3 year avg.)
Employees	New Employee Orientation (1,2,3 test)	100% attend
	Fair system for sales prospects	100% deployed
	“How I Connect” sheet (integrity & ethics)	100% deployed
	Employee handbook stated policy	100% deployed on-line + hard copy
	Employee Hotline	2 per year addressed immediately
Customers	Immediate response to Social Media reviews	100% deployed
	Random monthly drug screening	100% deployed
	Protecting customer identity audits	100% protection
	Employee background check & drug screening	100% deployed
Community	All teams have annual community project	100% deployed
	Employees’ goal is to donate 40 hours annually	100% deployed
FMC	Fulfill & Exceed all contractual obligations	100% deployed
Shareholders	Employee background check & drug screening	100% deployed
	Community Reputation in Partnering	100% deployed
	Fiscal accounting	100% deployed
	Attorney General’s office referrals	Few, but addressed immediately
	BBB referrals	Few, but addressed immediately
Ethical In All Aspects of the Business		

Figure 7.4-5 Ethics Results (Sustain)

Satisfaction and Employee Satisfaction, DCF believes that when employees volunteer in their community, they feel good about themselves, and interact with their customers more positively. We partner with the community, engaging both the workforce and customers to impact nonprofits and build their capacity to serve clients. Key aspects of DCF’s fulfillment of its societal responsibilities are:

- Higher Dollar contributions to United Way than a Chevrolet Factory in Ohio with 4,000 employees
- Only dealership with at least 40 hours of community volunteering per employee
- Multiple recognition awards from community stakeholders
- All SLT members have served as QNM or Baldrige Examiners (PPL has zero Senior Leaders that are examiners)

Employee volunteering is a high priority for DCF, shown in the “40 hours annually” goal (Figure 2.2-3). In Figure 7.4-6 we are achieving our goals of 40 hours per employee. Employees are involved in organizations, including senior leaders and some managers serve on the board of directors of key community organizations such as Quality New Mexico, Rotary, Rio

	2011	2012	2013	2014	2015	2016
Average Volunteer Hour/FTE	41	44	48.5	45	47	TBD
Community BOD Participation	5	7	10	10	14	16
DCF’s Employees Make a Difference by Giving Back of Their Own Personal Time						

Figure 7.4-6 DCF Volunteer Hours & BOD Participation

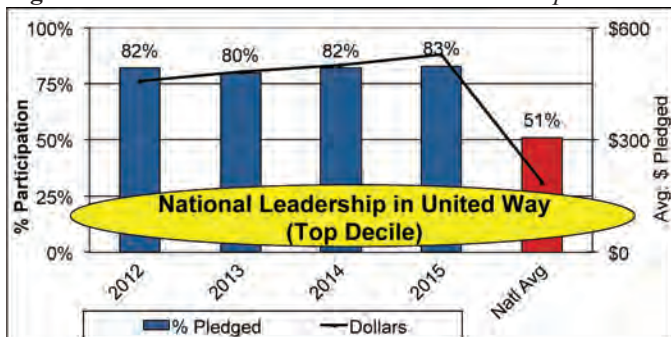


Figure 7.4-7 United Way Participation (Sustain)



Rancho Chamber of Commerce, Sandoval Economic Alliance and The Samaritan Counseling Center.

Results of employee participation with United Way of Central New Mexico (UWCNM) are in Figure 7.4-7. DCF is in the top Decile of automobile dealers in the nation for dollars pledged over \$550,000 from 2011-2015. We are performing with beneficial trends sustained over time of automotive dealer’s % of employees who pledge: (83% vs 51%) and higher average dollars per pledge (\$530 vs \$484) and exceed all comparisons. The DPE Served as the 2012 UWCNM Sandoval County (county we reside in) Campaign Chairman.

DCF is active in Rotary International (100 year old service organization). Figure 7.4-8 shows DCF’s average annual participation and roles our Rotarians have held in leadership roles sponsored by the dealership and approved time

	Number	Annual Hrs/ Member	Total
Members	4	50	200+
+Officers	4	16	64+
+President	2	80	160+
(or) Lt. Gov.	1	20	20
Guatemala Water Project	1	80	80
Strategic Planning	1	24	24
Dedicated to Helping Local & International Communities			

Figure 7.4-8 DCF Rotary International (Sustain)

to attend service events like weekly club meetings, fund raisers and Board meetings. In Rotary year 2004-2005, DCF sponsored a full time employee (Paid Salary and benefits) to serve as the District Governor, the highest District position. We have also contributed over \$10,000 to a Rotary clubs nursing scholarship program to keep nursing students in Rio Rancho, our community after graduation. At the event in 2016, Nurse Rhonda was the keynote speaker.

Business Type	# FTE	Hours/ Capita	% Vol	Time Off
DCF	180	47	90%	Yes
Healthcare	367	11	77%	No
Credit Union	165	12	78%	Yes
Rental Car Co.	300	16	5%	Yes
Insurance Co	105	25	65%	Yes
Corporate Philanthropy				

Figure 7.4-9 Comparative & Benchmark Data for DCF 2015 Philanthropy

Figure 7.4-9 Comparative and Benchmark 2015 data obtained from four funders shows DCF with the highest percentage of employees involved in volunteering (90%), in hours per capita of employees who volunteer and if paid time is given to support the community work.

Focus Area	Agencies	\$ Given
Business Devt.	8 = 15%	\$32,395
Community Service	24 = 44%	\$35,142
Education	10 = 19%	\$14,045
Healthcare	12 = 22%	\$25,849
Total	54	\$107,431
We Impact Our Community		

Figure 7.4-10 DCF Philanthropy

Achieving positive outcomes from

funding and volunteer partnerships is a critical goal for DCF's philanthropy. Figure 7.4-10 shows the results of the 54 agencies we contributed to in 2015 and the impact on our 4 focus areas (Item 1.2c) dollars funded which includes vehicles donated to non-profits. Performance for previous years has been sustained at these levels (AOS).

7.4b Strategy Implementation Results

Winning the President's Award is the overall key measure of our success. DCF has won the award 13 years and is one of only 2.3% of the dealers nationally to have accomplished this level of performance over the same time period. The President's Award is FMC's most prestigious award, presented

Ford Dealers	Years Won Since 1999	>13 Yrs Since 1999
DCF	13	1
FD1	1	0
FD2	1	0
CVP Group	N/A	3 of 21 (85th %ile) (DCF)
All National	N/A	54 of 1,300 (96th %ile) (DCF)
Top Decile		

based upon the CEI score and meeting FMC sales expectations. Five dealers in our 20 Group (25%) won in 2015 (15% is average).

In 2015, we were the only dealer in New Mexico to earn this elite status. Results in Figure 7.4-11 indicate that DCF is at regional and

Figure 7.4-11 President's Award

national benchmark levels, the only one in our market to win at least 13 times since 1999.

Key measures or indicators of accomplishment of 2015 organizational strategies and action plans are compared against the short- and long-term goals in Figure 2.1-2. Figure 7.4-12 summarizes the results. Reference to figures with trend data is in parentheses where applicable. Additional results are in

Awards & Recognitions	Years	Stakeholders
Top 100 Best Dealerships to Work For	2014/2015	Workforce
Innovative Healthcare Solutions (Mayo)	2016	
Allstate Honor Ring	2014/2015	
Ethics in Business Award	2014	Customers
Dealer Rater Consumer Satisfaction Award	2014-2016	
UNM Children's Hospital Wall of Fame	2015	Community
2 Compañero Awards (QNM)	2009/2011	
Circle of Excellence (United Way)	2011-2015	
5th Best Service CEI of 118 (97th %ile)	2015	Ford (FMC)
President's Award (Yearly)	13 of 17	
Zia Award QNM	2005	Shareholders
Environmental & Safety Elite	2016	
Baldrige Site Visits	2008/2012/2016	
NM Private 100 (Top 10)	2013-2016	
Industry & Benchmark Leadership		

Figure 7.4-13 Key Awards & Recognitions

Short-Term Goals (Annual) Alignment					Longer-Term Goals Alignment (>1 year)											
President's Award (7.1-26)	Employee Engagement (7.3-11,12 & 13)			High Productivity (7.1-14)	40 Vol. Hours (7.4-6)	Market Share (7.5-)	Largest Volume NM (7.1-18)					100 Oil Changes /Day (7.1-22)	Owner Loyalty (7.2-18 & -22)	Malcolm Baldrige	Loyal Employees (7.4-1)	Above Avg. ROI (7.5-1)
	Won 13th	CEM 72 Bmark	BDTWF #1 FMC Dealer	DCF 4.4	47	#2	NVS	UVS	M&R	BR	DCIS	52/day	#1	TBD	7%	< Avg

Figure 7.4-12 Organizational Strategies & Action Plan Performance



Figure 2.2-3.

We want to be "a great dealer in a great community" by mentoring companies in the Baldrige process, with over 8 Quality New Mexico (QNM) recognition recipients over the last decade. DCF has also received the Compañero Award for mentoring companies in their performance excellence journeys, nominated by their mentee. DCF is the only NM company to receive the award twice and the only car dealership. Current SLT members have served as QNM Examiners, knowing it is over a 60-100 hour commitment per person. 2005 Baldrige winner PPL had none of their senior leadership serve as examiners. DCF's DPE is a Senior Baldrige Examiner and has served 5 terms as a national examiner including two national site visits. Additional rewards and recognitions are in Figure 7.4-13.

Results for building and strengthening our Core Competencies are evident in all our results for 7.1 and 7.4a(5) as shown in Figure 7.4-14. Some examples of results for taking intelligent risks include our decision to perform a free alignment check for all of our service customers at check in, adding The DCIS Allstate agency in 2013, and iPads for the sales staff to provide customers with transparency in the sales process.

Building & Strengthening Core Competencies		Figures / Results
Servant Leadership	Training	7.3-19
	Employees say it is beneficial	4.3 Average (2015)
Family Values	Workforce loyalty & retention	7.3-11;-12;-16;-17
Integrity & Ethics	Ethics in Business Award	7.4-13
Taking Intelligent Risks		Financial Contribution
Intelligent Risks	Aluminum BR tooling	\$65,000
	Community partnerships	\$107,000
	DCIS Investment	\$50,000
	Frame laser check machines	\$50,000
	Free alignment checks	\$26,000
	iPads for sales team	\$8,000
	Main store remodel	\$230,000
	Shop equipment & update	\$92,400
	QL1 remodel	\$115,000
	Servant Leadership Training	\$50,000
	Service Group Skills Training	\$50,000

Figure 7.4-14 Key Results

7.5 Financial and Market Results

7.5a Financial and Market Results

7.5a1) Financial Performance DCF's financial performance is measured by: Volume (Sales), Gross Profit (Gross) and Expense as a Percent of Gross. Results are presented for 2012 - 2015. Financial and market benchmark comparisons presented are averages of other FMC dealers that are most

similar financially from the 20 Group (20 BMark) to our size and business model (single location, large metropolitan area). One is from Kansas City, MO, the other is from

Jackson, MS. Results are segmented by the market segments in Figure P.1-5. BR data from the Kansas City dealer is used as not everyone has a body shop.

Total Dealership: Total Dealership Sales Volume (+16%) and Gross Profit (+17%) for all market segments is in Figure 7.5-1.

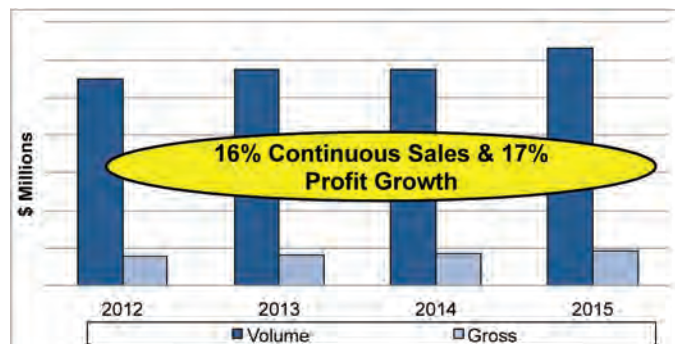


Figure 7.5-1 Total Dealership Volume Dollars (+3% Annually)

Total volume growth year over year has improved to benchmark levels in 2015 (Figure 7.5-2).

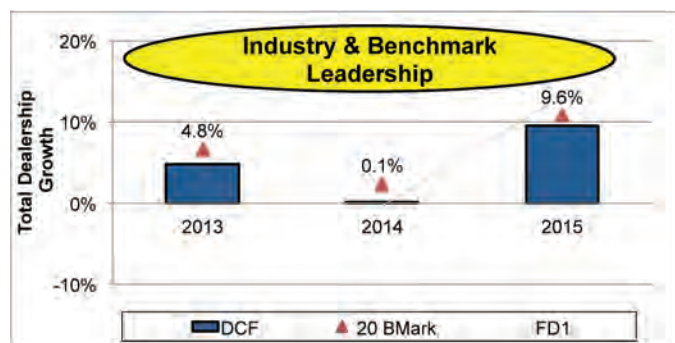


Figure 7.5-2 Total Volume Growth (Sustain)

Total Gross Profit Growth (Figure 7.5-3) indicates that DCF is out-performing all comparisons in 2015. The Kansas City dealership had better growth to overcome their 2013 performance in 2014.

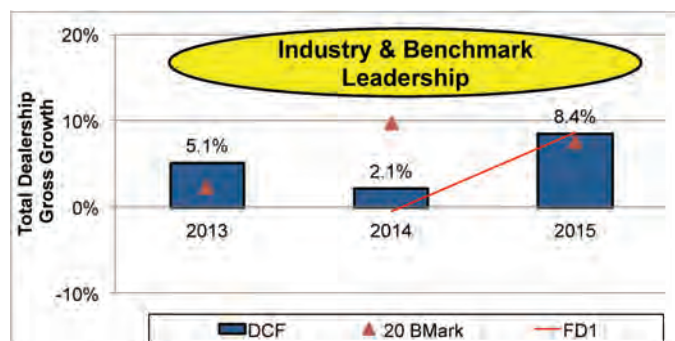


Figure 7.5-3 Total Gross Profit Growth (Sustain)

The percent of volume and gross profit growth year over year for all segments is included in Figure 7.5-4.

Expense as a percent of gross profit (lower % = better performance) is in Figure 7.5-5. The analysis of the total dealership's ratio of fixed expense to gross profit compared to the 20 Group benchmark. We expect to run a little higher due to our benefits and rewards and recognition programs. Gary, Kirk and Andy meet weekly to address expense concerns and we have seen a 3% improvement since 2012.

7.5a(2) Marketplace Performance

Segment: All: Albuquerque market share for all segments are in Figure 7.5-6. Comparisons are to the local FMC dealers. We cannot get market share for the Body Shop.

		Financial Measure	2013	2014	2015	Avg-Growth	Notes
NVS	DCF	Volume	6.4%	5.9%	5.3%	5.9%	Gross Improving Faster Than Volume = High Productivity
	20 Bmark	Volume	9.0%	0.5%	11.2%	6.9%	
	FD1	Volume	16.2%	-1.3%	17.0%	10.6%	
	DCF	Gross	2.1%	10.9%	12.8%	8.6%	
	20 Bmark	Gross	3.5%	9.7%	12.1%	8.4%	
	FD1	Gross	11.6%	-4.4%	23.8%	10.3%	
UVS	DCF	Volume	-3.5%	-8.8%	18.7%	2.1%	2015 DCF Market & Benchmark Leader
	20 Bmark	Volume	3.3%	5.1%	13.6%	7.3%	
	FD1	Volume	5.4%	0.1%	9.7%	5.1%	
	DCF	Gross	-2.9%	-6.4%	11.7%	0.8%	
	20 Bmark	Gross	0.1%	23.2%	5.5%	9.6%	
	FD1	Gross	7.3%	-3.4%	1.6%	1.8%	
M&R	DCF	Volume	11.7%	3.1%	0.7%	5.2%	DCF is the Market & Benchmark Leader
	20 Bmark	Volume	4.7%	-4.2%	3.1%	1.2%	
	FD1	Volume	13.3%	9.5%	3.2%	8.7%	
	DCF	Gross	8.8%	2.0%	2.0%	4.3%	
	20 Bmark	Gross	2.2%	-6.2%	6.3%	0.8%	
	FD1	Gross	13.3%	9.5%	3.2%	8.7%	
BR	DCF	Volume	10.9%	11.9%	12.1%	11.6%	DCF is the Market & Benchmark Leader
	20 Bmark	Volume	0.3%	25.0%	-2.4%	7.6%	
	DCF	Gross	10.0%	12.7%	11.8%	11.5%	
	20 Bmark	Gross	2.2%	-6.2%	6.3%	0.8%	

Figure 7.5-4 Sales Volume & Gross Growth All Segments (+ 3%)

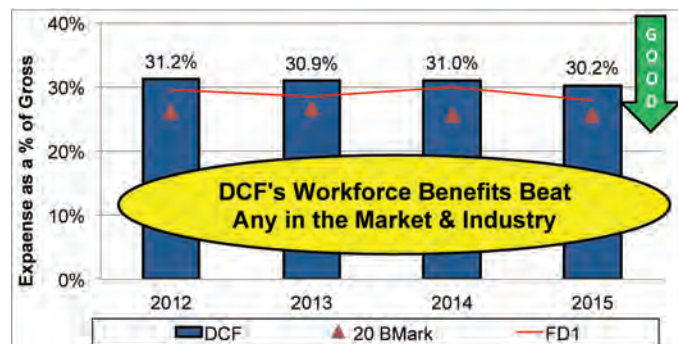


Figure 7.5-5 Expense As A % of Gross Profit (Sustain 29%)

Market Segment	2013	2014	2015
NVS (Goal 30%)	27.1%	27.8%	27.4%
UVS (Goal 35%)	37.1%	34.2%	35.5%
Total Sales (Goal 31%)	31.7%	30.3%	31.1%
M&R (Goal 33%)	34.1%	33.5%	32.2%

Figure 7.5-6 Market Share FMC (35%)

DCF is the market leader for our zip codes (west side of the Albuquerque metropolitan area) for all manufacturers as indicated in Figure 7.5-7.

Retail Market Share	2014	2015	
DCF	15.3%	15.4%	Market Leader
Chrysler	13.2%	13.5%	
Toyota	12.7%	11.9%	
Chevy	9.0%	9.6%	
Honda	8.6%	8.8%	
Nissan	8.9%	8.7%	
Hyundai	6.3%	6.3%	

Figure 7.5-7 Market Share All (16%)

