

FORD

Ford to start shipping Explorer SUVs with missing semiconductor chips



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Ford Motor Co. is working to get dealers and customers their Ford Explorers sooner by shipping some units without rear seat controls for the heating, ventilation and air conditioning, a company spokesperson told the Free Press on Saturday.

The driver will still be able to control the system from the front seat, Ford said.

The number of vehicles affected could not be immediately confirmed but include both presold and dealer inventory stock, spokesperson Said Deep said.

The Explorer's rear seat heating and air conditioning control, both the physical dial system and the semiconductor chip behind it, will be installed by Ford dealers at a later date, Deep said.

The spot in the car where the control would normally go will instead have a finished matching plate.

Customers will get a price reduction if taking ownership of a vehicle without the feature. The detail of how much has not been confirmed, Deep said.

News of a plan to ship additional Ford vehicles without chips was disclosed by Andrew Frick, Ford vice president of sales in the U.S. and Canada, during a meeting at the annual National Automotive Dealers Association (NADA) Show in Las Vegas on Saturday. Automotive News first reported news of the meeting.

F-150s without start-stop

Last year, Ford began offering the option to obtain F-150 pickups without the chip and components required for the start/stop feature, which allows the engine to shut off when the

truck is stopped to conserve fuel and then turn back on when the brake is released.

Customers can still order their F-150 without the start-stop feature, which would include a \$50 credit, Deep told the Free Press.

This is all part of the automaker's strategy to balance semiconductor chip challenges along with overall supply chain disruption caused by the pandemic over the past two years in addition to global conflict. This is a worldwide issue.

Ford has had significant challenges with dozens of its suppliers, which result in taking plants down temporarily and fewer units being built, Deep said.

The company is currently building and shipping vehicles to dealers and will continue to do so as the parts supply system allows, he said.

More: Ford Bronco buyers are putting down cold cash, not trading in old vehicles

Ford has told customers the company is working to get chips to deliver several thousand Bronco SUVs that have been held in Ford inventory yards in metro Detroit over the next 90 days.

Jeff King, vice president and general manager at Bozard Ford Lincoln in St. Augustine, Florida, told the Free Press everyone in the auto industry is struggling with issues beyond their control. And buyers are clamoring for vehicles as industrywide production cuts have limited the overall supply.

But he said he feels confident after listening to Frick and Tim Hovik, chairman of the Ford National Dealer Council that serves as an advisory group on developing issues, speak at the meeting that the company has a plan to do what needs to be done. Hovik owns San Tan Ford in Gilbert, Arizona.

"I sat in the meetings today and I'm extremely proud to be a Ford and Lincoln dealer," King said Saturday. "I believe they're doing everything they can to deliver the products that we need."

While managing expectations is productive, some dealers expressed frustration about overall logistics and getting vehicles to sell in a timely manner. Ford has sustained intense criticism from Bronco buyers waiting for vehicles parked in storage lots.

Jeremy Zarfos, the director of operations at Bob Ruth Ford in Dillsburg, Pennsylvania, according to his LinkedIn professional profile, tweeted from the account @JeremyZarfos1 on

Saturday, "I'm writing off 2022 from Ford. Whatever we do get as dealers will be nice but my expectations could not be any lower."

Wall Street is watching

With just two weeks left in the first quarter, Ford is preparing its earnings report under conditions beyond control that have crippled the whole auto industry worldwide. Wall Street analysts are watching closely, which affects the stock price.

This latest Ford Explorer decision has a direct impact on finances. This is an issue of reflecting vehicles as either inventory or sales. Getting them to Ford dealers and into the hands of customers as soon as possible, and that means without chips or other parts, results in booked transactions.

"Keeping any vehicles going to dealerships will prop up their numbers. They're looking to hit every number they can at what would be the end of the first quarter," Sam Fiorani, vice president of global vehicle forecasting at AutoForecast Solutions, told the Free Press late Saturday.

"General Motors did this previously with heated seats and Nissan did it with navigation systems. You can do it when it's a nonessential part of the vehicle. This will be their attempt to claw back some numbers and gain some ground on their competition," Fiorani said. "Ford must be either trying to make up numbers or get ahead of any problems coming up in the second quarter."

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This decision to get Ford vehicles off storage lots and out to dealers couldn't happen soon enough, said Marcus Hudson, executive director of the Calderone Advisory Group based in Birmingham, which advises suppliers in the automotive industry.

"When you ship these vehicles, it equals revenue," he told the Free Press. "I suspect they are trying to please Wall Street and make sure that they're not missing revenue numbers or profitability numbers. You can't have all this cash tied up in inventory just sitting there."

Ford said the reason for shipping now is basic.

"We have customers waiting and we're doing all we can to get their vehicles to them," Deep said. "That's what all this is about. These are tough choices."

More: I drove a Ford Maverick pickup for a week — thought the gas gauge was broken

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