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2011 NHQ Awards: Charter Homes takes customer service to a 'special' level

Abstract:

For Lancaster, Pa.-based Charter Homes & Neighborhoods, customer satisfaction is more than great service and warranty — it's about making the home-buying experience something truly special. Read about the 2011 National Housing Quality award winner.

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PHOTO: The Charter Homes & Neighborhoods team at its Veranda mixed-use neighborhood in Lancaster, Pa. From left: Mike Morrow, HomeCare Manager; Suzanne Daily, Neighborhood Sales Manager; Robert Bowman, President; Pete Sydorko, Personal Builder.

Robert Bowman laughs when he thinks about his biggest concerns during the heyday of the housing boom. Coming off his company's best year ever in terms of profitability and sales (275 closings), Bowman and his team at Charter Homes & Neighborhoods ^[1] entered 2006 focused solely on keeping up with the rampant demand for new homes in its Lancaster (Pa.) County communities, while trying to stay a few steps head of the competition.

"I remember driving through our marketplace and thinking that if we don't hurry up and contract for some land we're going to be the ones sitting out of the game, because we're going to run out of developable ground in our market," says Bowman, who has served as president of the 57-employee company since 1980. "What were we thinking?"

Looking back, Bowman readily admits that Charter's leadership team, which for 20-plus years took great pride in delivering an "exceptional" home-buying experience, took its eye off the prize. "We simply weren't delivering on our promise of offering a great buyer experience, and our 'willingness to refer' numbers started to fall off," he says. "I really don't have a great answer for why that happened other than we stopped thinking it was important."

In spring 2006, when the central Pennsylvania housing market started to show signs of turning for the worse, Bowman knew what he had to do. In the midst of developing a strategic plan for his company's survival through the impending downturn — which included "right-sizing" the product lines and making tough staffing decisions in an effort to scale down the organization — Bowman put a stake in the ground and declared a company-wide recommitment to homeowner service and satisfaction.

"I told our team members that, regardless of what happens to the market, what our buyers go through when they purchase a Charter Home will be incredibly consistent and worthy of them referring a friend or relative," says Bowman. He adds that referrals are the key metric by which the company measures satisfaction, but they're not the ultimate goal. "We actually go further and measure a new metric: 'highly enthusiastic.' These are people who know they're going through a special experience, even while in the middle of the process."

Special experience? In home building? Isn't buying a new home one of the most difficult and stressful experiences that a consumer will go through in his or her lifetime? Bowman thinks it doesn't have to be this way — and it's not at Charter.

The company's formula for delivering an exceptional home-buyer experience sounds quite simple yet is admittedly difficult to execute on a day-in, day-out basis, says Bowman. "We have a simple phrase that sums up our approach: teamwork equals home-buyer satisfaction. Our philosophy is that it's not the windows we offer, the size of the trim, or the design of the home that really affects whether people had a good experience with us, it's whether everyone on our team worked together in such a way that at the end of the day the buyer says everyone in our organization worked on their behalf."

Bowman's plan for creating a team-based, customer-centric organization started with a "long conversation" with Charter's leadership team and key staff to rethink their definition of customer service.

"The first time I stood up and said we're going to focus on how people evaluate their experience with us, everyone said, 'Oh yeah, customer service and warranty,'" says Bowman. "I said, no, it's much bigger than that. It's about the home buyer's experience from the time they walk in and first learn about Charter Homes all the way through design, construction, closing, and post-closing."

The result of this kickoff meeting was “The Charter Way,” a process map that sets the bar for delivering an exceptional home-buyer experience — every time. Bowman describes it as the “structural rebar” of the entire organization.

Based on this newly formed declaration, the leadership team reworked all company manuals, training programs, and organizational processes to bring their employees closer to the customers. Key initiatives include:

- Organizing all staff members who interact with home buyers into “neighborhood building teams” that take the customers through the entire process, from sales and design to building, post-closing, and mortgage lending. “We have found that if the customer believes this entire team is working on their behalf, they will have a delightful experience,” says Bowman.
- Adopting a series of teamwork best practices. For example, the company employs a technique called “layering and circling back,” whereby each Charter team member communicates confidence in the teammate that precedes and follows them to ensure a smooth, seamless transition for buyers from one stage to the next (see sidebar).
- Holding weekly management meetings to “take the temperature” of each homeowner in the building process. “We make sure we’re delivering on all our promises and look for any course correction that may be necessary to keep the homeowners’ ‘willingness to refer,’” says Bowman.
- Deploying the “Experience Team,” when necessary, to meet with home buyers who have reported a negative experience. The team prepares a summary to its peers in an effort to further the conversation.
- Reviewing all homeowner surveys and benchmarking survey results against other top home builders.

All in all, Bowman says it’s been a four-year process to get all staff and partners on the same page, “and even then, we’re constantly training and always improving.” The biggest challenge: “Getting all our people to buy into the notion that customer satisfaction is not about saying yes to each and every buyer demand. It’s okay to say no, as long as everyone that customer deals with says no, and delivers the same message.”

But the payoffs have certainly been worth the effort. Four out of 10 Charter home buyers are referrals, and its “willingness to refer” rate has jumped from 80 percent in 2006 to 92 percent today. As a result, Charter has been able to maintain pricing and grow gross margin in an extremely competitive, price-driven market.

“The last four years have taught us that sticking with what is truly important is a winning strategy,” says Bowman.

7 Practices of Model Teamwork at Charter Homes

To deliver a high level of teamwork, Charter Homes & Neighborhoods focuses on seven best practices:

1. **Layering and circling back.** Communicating your confidence in the next team member that buyers will meet in the process and what to expect is “layering,” while

asking about their experience with the team member in the process before you and finding out how it went is “circling back.”

2. **No blame and fix it fast.** Speed wins when it comes to resolving a homeowner question or issue, regardless if the answer is what they want to hear or not. And never place or discuss blame.
3. **Teach quality.** Take every opportunity to share with home buyers the special details and processes we use in building a quality home. While we shared it at the point of sale, we need to always give them facts to earn their confidence and let them know they made the right choice.
4. **Know the institutional message.** When a home buyer has an issue or question, everyone on the team needs to know the same information, and provide the same answers. The message should be exactly the same story, told precisely the same way.
5. **Never quit.** Bring an attitude of “never quitting on a home buyer” to the game every day. Separate the message from the messenger if you’re having trouble hearing or dealing with someone you perceive as difficult. The tough ones sometimes make us better, and we never want to think we can’t win them over.
6. **Be proactive.** Always take the initiative to communicate with the home buyer, even if there is nothing other than good news or an update to share. There should be at least one call from the team each week.
7. **Own what you say.** Ensure that anything you sell, say, or promise is a commitment you can make and will take personal responsibility for delivering. If you are ever unsure, let the home buyer know you’ll get back to them.



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