

10 Steps to Less Waste, More Profit

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CUSTOM BUILDER

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BIG GAINERS

Learning From the Nation's
Fast-Growing Builders

The Grand Ashford model at Grand Homes' Newton Ranch community in Keller, Texas, is one of the builder's best-sellers. Grand Homes is one of 30 builders to make *Professional Builder's* Big Gainers list (see page 16).

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8 steps for best team results

1. Implement a comprehensive and objective voice of the customer (VoC) program
2. Identify the team and key performance indicators (KPI) that most correlate to customer satisfaction and referral sales
3. Assign accountability for each KPI and provide the staff with regular feedback on both the good ratings and opportunities for improvement
4. Share all KPI (by function, community, and individual) with the entire team
5. Benchmark results against the industry's top performers and celebrate any "all star" performances
6. Consider a third party to implement a credible VoC program to give customers the anonymity necessary for honest constructive criticism
7. Expect a return on customer satisfaction, and treat the database of enthused customers as an asset for future referral sales
8. Phase in strategies to increase customer satisfaction and referral sales rates

customer satisfaction:

In home building, the team counts on the performance of each individual to deliver the "big win," which is a happy customer.

By Charlie Scott, Contributing Editor



the ultimate team game

team sports analogies have long been used in home building, due to the obvious correlations. They have a common component: individual performances that roll up into team results. Home building is probably the ultimate team endeavor, made up of internal employees and external trade partners that can number in the thousands.

Most sports fans know the high-level team facts — like that

the University of Kentucky won the 2012 NCAA Basketball Championship. What many fans may not know is the individual performance indicators of the team's individual players. For example, did you know that in the closing minutes of the championship game, UK's coaching staff played only their best individual free throw shooters? That's right, they used their best individual shooters, based on their measured performance, to assure a team success.

All team sports have individual performance measurements — quarterback rating, sacks, 40-yard dash time, yards per carry, batting average, pitch speed, to name a few. These are all measurements of individual performance and accountability that ultimately lead to team success.

Home building is no different. All individual teammates have one element in common — the customer. The team counts on the performance of each individual teammate to deliver the "big win," which is a happy customer. Unfortunately, many home-building companies lack an objective voice of the customer (VoC) program, with the key performance indicators (KPI) necessary to 1) identify performance/behavior issues, 2) give good training/coaching, and 3) hold staff accountable.

Let's look at some of the most important VoC KPI by the individual roles in home building:

key performance indicators (KPI)

sales:

Accurately represent the builder, product, and processes

- Educate the customer on included versus optional features
- Teach and shepherd the customer through the process
- Handle customer communications and "check in" throughout the entire home-building/homeownership experience

mortgage:

Identify the customer's purchasing capacity

- Match a mortgage program with the customer's needs
- Advance disclosure of fees, charges, escrows, taxes, HOA, insurance, etc.
- Handle customer communications throughout the mortgage approval process



selections:

Educate the customer on optional features

- Help the customer personalize their home (products, colors, etc.)
- Set selections' performance expectations (carpet levels, paint, wood floors, etc.)
- Assure selections are accurately documented

construction:

Schedule updates and key activity education (construction start, framing, pre-drywall, flooring, etc.)

- Have knowledge of the builder's quality assurance program and practices
- Set expectations on customer interaction and question response
- Schedule updates on construction progress and delivery dates
- Deliver a clean, complete home with no "open items" at occupancy

warranty:

Educate the customer on the operations, functions, and features of the home

- Provide home maintenance education, tips, and post-occupancy confidence
- Explain the warranty process, performance standards, and expected response times
- Take ownership of all warranty items (including trade partner issues)
- If something needs fixing, fix it fast and thoroughly — no repeat trips.

All of the above items should be accurately taught, measured, and regularly reviewed both individually and as a team. In team sports, the performance numbers are known by all. This should be the case in home building as well, including trade contractor performance. These numbers help home-building managers know their individual team players' strengths, weaknesses, and performance from the most credible source — the customer.

Securing accurate, complete, and honest customer feedback is both critical and tricky. It is highly recommended that builders use a third party to implement a comprehensive VoC program. In addition to the 17 KPI listed above, a comprehensive VoC initiative usually includes 50 to 60 additional KPI covering all company roles, duties, and behaviors in the customer experience.

A good VoC program should also allow the customer to provide comments and explanations — with the option of remaining anonymous — to get the most trustworthy and truthful customer ratings and comments. Surveys that do not allow for anonymity are the worst kind of feedback; they typically cause 30 to 40 percent of the customers to give complacent,

non-helpful feedback (i.e., "everything was fine"). As is true in all aspects of home building, managing with inaccurate information is often worse than managing with no information at all. Another benefit to using a third-party source is interpreting the data and providing performance benchmarks of "detrimental," "acceptable," and "exceptional" performance.

The purpose of the VoC program is quite simply to get objective, performance-based measurements to help managers improve their individual employees' performance for the betterment and benefit of the overall team and customer. Using customer feedback to coach your team to high levels of individual performance rolls up into increased customer satisfaction, higher referral sales, lower warranty costs, improved employee morale, and increased builder brand equity, which are almost as good as a national championship. **PB**

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award-winning builders sound off on the importance of customer satisfaction

"When you focus on customer feedback and satisfaction you will see your business grow with referral sales, cost of operations go down, happier employees, and many other great benefits to your company."
— Will Holder, president, Trendmaker Homes

"The VoC is critical in charting the course for delivering high customer satisfaction. If your company does not have an objective portal in which to receive this vital information, the company will never achieve its greatest potential."
— Kevin Egan, President, American Legend Homes

"Committing to a strategy focused on home-buyer satisfaction is less about investing resources and people and more about believing that the customer experience can be managed and create value. Even in the current environment, building the business around home buyers is achievable, and it's smart business." — Robert Bowman, president, Charter Homes and Neighborhoods