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More than Numbers

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Like social media, third-party surveys give customers the anonymity they need to express their true feelings. That kind of feedback is invaluable for a home builder.

By Charlie Scott, Woodland, O'Brien & Scott

Illustration: Getty Images

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Bebo, Classmates, Facebook, Habbo, Mylife, MySpace, Netlog, Tagged and Twitter collectively claim a billion people sharing experiences and opinions. An original concept? Hardly. Social networking has been happening for millenniums, much of it right in our own backyards, churches, schools and places of employment. One of the more interesting developments in today's social networking is that the participants tend to have more uninhibited, raw emotional responses than neighbors chatting over the fence. Why? Most likely it is the virtual distance between the sender and receiver, combined with the remote chance that the target of their opinion will ever know the source.

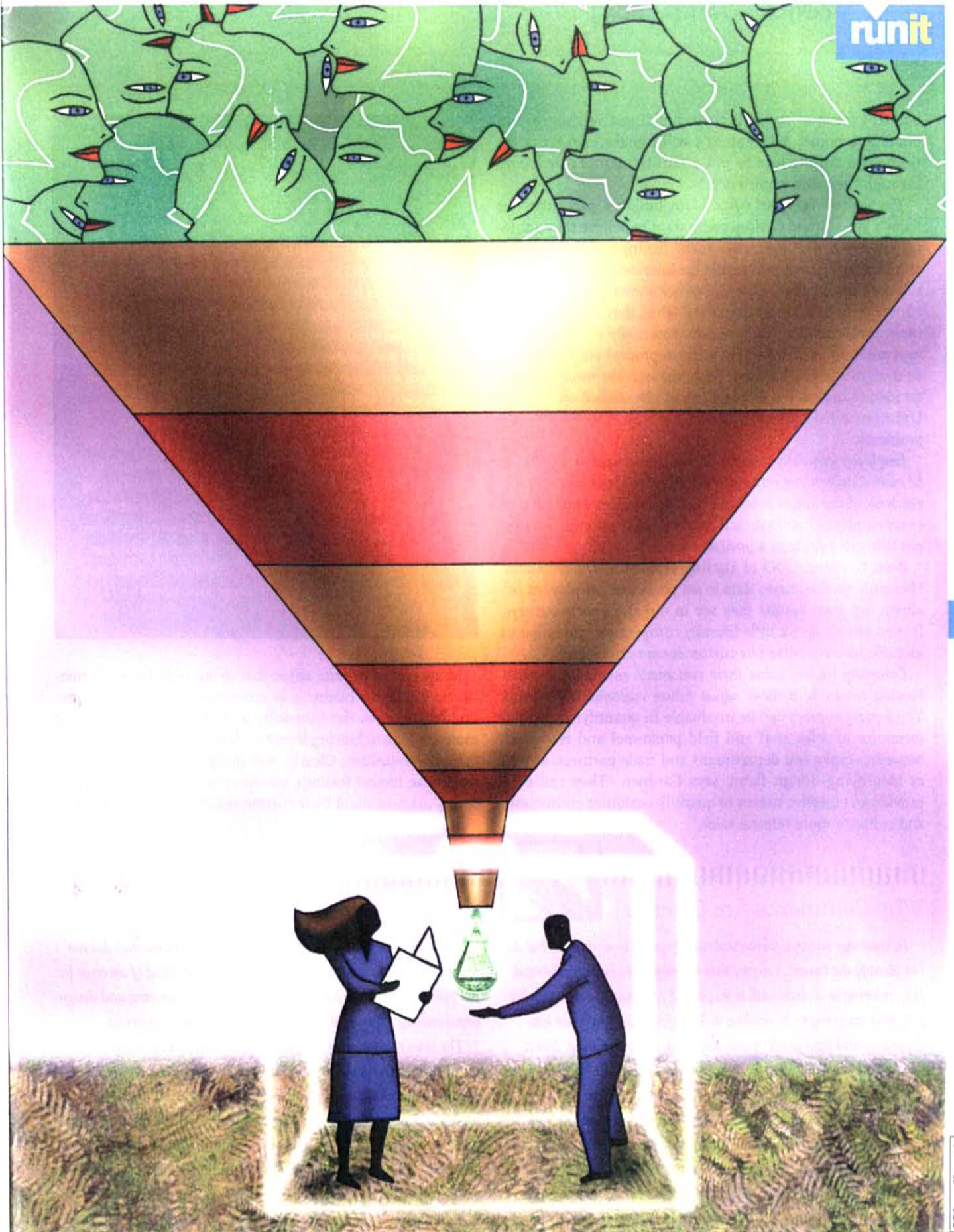
So what can home builders learn from today's social networking behaviors? For starters, builders should be more interested in what their customers are truly feeling and which forums those customers are utilizing to express them. One of the most effective ways to gain access to the head and heart of a customer is through a well-designed, third-party survey. Here are some of the reasons why.

Many customers simply want anonymity. Studies by Woodland, O'Brien & Scott show that 30 to 60 percent of home buyers want to provide their feedback anonymously. In a counter-intuitive twist, the better the builder and the higher their satisfaction ratings, the more anonymous their customers want to be. Caring customers want to provide feedback and constructive criticism, but do not want to hurt the builder's feelings.

"Customers are more apt to open up to an independent surveyor than they are to their builder," says George Hess, president of Vantage Homes in Colorado Springs, Colo. "They trust that they can truly express themselves to a third party, knowing they will not compromise their future warranty service."

Customers generally adjust the accuracy and helpfulness of their responses to match the perceived sincerity and authenticity of the survey. Surveys that are designed to solicit opinions and draw out the customers' feelings about their experience are perceived as more genuine than strictly a point or rating system. Keith O'Brien, founding partner of Woodland, O'Brien & Scott, St. Paul, Minn., says, "The best surveys demonstrate that the builder truly cares about the customer's opinions and feelings throughout their experience, and that the

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builder's focus is as much about building a relationship as building a home. A customer's willingness to refer is essentially a willingness to put a family member or friend through the same experience."

The "everything is fine" reflex. Many builders, particularly in today's low-volume environment, want to believe they are totally in touch with their customers' feelings. These builders often set up an owner-in-residence interview or administer a self-conducted survey. Our experience shows that while these approaches have some redeeming value, they can also create more problems than they resolve. Internally conducted surveys are most prevalent for specific in-process activities, such as design-studio selections. Such surveys are more focused on identifying early-warning signs of dissatisfied customers. Unless handled with extreme care, they can exacerbate minor problems.

Employees generally perceive third-party surveys and results to be more consistent, objective and meaningful. Hess says employees look at customer feedback as "an objective evaluation of every employee involved each time we build a home. Employees take great pride in a positive return."

Brett Gardner, COO of Darling Homes in Dallas, states, "Because we use survey data to set goals, our employees celebrate the great results they see in our third-party surveys. It even encourages a little friendly competition and helps us identify and recognize our customer-care champions."

Company leaders value their customers' emotional feedback because it can help them adjust future customer experiences. Third-party surveys can be invaluable in quantifying the performance of sales staff and field personnel and teamwork between employees, departments and trade partners, as well as identifying design flaws, says Gardner. "They can even provide an objective means to quantify customer enthusiasm and cultivate more referral sales."

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Why Comments Are Essential



In customer surveys, numerical ratings point to a problem but do not identify the cause. A survey that is designed to be optically read (i.e., coloring in a circle with a #2 pencil) communicates that a live person is not going to be reading it. Therefore, customers are less expressive and tend to fill in only the required circle rating. But a survey that provides space for customers to write down their thoughts will elicit honest responses that put problems in context.

Woodland, O'Brien & Scott has seen this happen with its own builder clients. One company's statistical results indicated a serious problem with a particular sales representative's performance. Her ratings for "sales accuracy" and "sales organization" had dropped dramatically. But customer comments clarified the issue: Three out

BLAME THE MARKET, NOT SALES REPS

FOR ONE WOODLAND, O'BRIEN & SCOTT BUILDER CLIENT, statistics showed declining performance by salespeople in their early work with customers. Ratings were down for "sales presentation accuracy" and "sales organization" performance (providing guidance, explaining options, assisting with early decisions, etc.). While the numbers implicated the salesperson's behavior or skill set as the source of the problem, customer comments clearly showed it was the result of the shift from a seller's market to a buyer's market. Customers are negotiating more, pushing for more features to be included and demanding more flexibility on options and custom features, while at the same time management is asking sales to hold the line.

Misinterpretation of the statistics could have led to replacing salespeople instead of focusing on aligning company policies to better match current market demands, providing better sales training and negotiation skills, and, at the corporate level, developing better pricing or communication tools. "Sales presentation accuracy" had declined as management cut back on included features to achieve a lower price point. Yet the models, Web sites and completed inventory still demonstrated the "old" included features. Customer comments helped clarify that the situation was more of an institutional misalignment than a sales performance issue.

Many survey experts agree that using only financial metrics to manage a business as emotionally charged as home building ignores the humanity and emotional drivers that motivate high-achieving home builders, their employees and their communities. Clearly, well-designed survey questions that evoke honest feelings are the critical cogs in a builder's ability to understand their current reality and improve future customer experiences. **PB**

of four recent customers had initially been sold a home that did not fit on the site they selected. This was actually the result of an error by the building company and the development's engineering and design departments. As a result, the sales-center plats were incorrect.

The sales rep was able to restructure the sales because she took personal responsibility and did not blame the builder or the development. Had she chosen to blame the "office," it would have undermined the customers' overall confidence. While survey ratings and statistics suggested a major sales communication problem, the customers praised the salesperson as a real professional for "taking one for the team," preserving their confidence in the builder and ultimately saving the transactions.