

7 Key Factors to Improve Quality & Customer Loyalty

Stan Luhr, CEO

AxisPointe

Today's builders are learning to become more profitable by reducing risk and the cost of fixing defects in new construction. Quality assurance is not just talking points, but creating a culture from the top down of inspiring your people to focus on consistency, matching expectations of the client, and constant product improvement. Home builders are learning to adopt core values and quality cultures found in virtually every major manufacturer in the world economy. Moving away from the 'craftsman' model and into the 'production' model will increase profits, reduce defects and help you deliver true quality in your homes. Consider these key factors and how you would measure the performance of your company by focusing on each one:

- **Design simplification.** It's harder to build a complicated product. It's harder to draw it, anticipate problems and conflicts, and relay the design intent to the installer. It's even harder to build a complicated product with highly variable raw materials, thrown into the mud on a jobsite, and require the workers to operate in inhospitable conditions. Simplicity is the art of taking something complicated and eliminating all the unnecessary steps. So strive to make all your building plans more consistent in layout, with more dimensions working with the 4x8 sheets of plywood or the sheet goods that you buy. Standardize all your construction details and written specifications that have stood the test of time. Encourage frank criticism of new untested plans and details, and consider hiring a forensic architect to review your plans to uncover durability flaws. If you use multiple architects, require all of them to use the company-accepted, standardized common details and specific proven materials. Reward those architects whose details are clear, consistent and workable in the field.
- **Communication.** We use migrant labor to build homes, and though dedicated, they often lack good communication skills. Builders lack good communication tools, which compounds the problem. In addition to the workforce, your clients must also be constantly informed, since you must match the expectations of the buyer with the product you deliver. Will gypsum board ever crack? Do concrete

walkways sometimes spall? If you don't educate your buyer as to the normal consequences of construction and tolerances, they will expect perfection and will not likely be satisfied. Communication involves human interaction, documents, performance guidelines, disclosures and training. It begins when the customer first sees your clean jobsite or walks into your model home, and really never ends. Quality Builders develop customers—they don't find them. A quality builder develops customers for life through consistent communication during and after the sale.

- **Builder Knowledge.** Gone are the days where we solely rely on the specialty trade contractor to be the expert. You certainly would never step foot on a jumbo jet you knew it was built in the dirt and snow by unsupervised trade contractors, would you? Becoming the expert of your product takes considerable work, costly training, and investment in testing equipment. Some builders think it is taboo to suggest improvements or independently inspect the work of their trade contractors, but it is absolutely essential to our industry. Build a team of “resident experts” by assigning a particular trade to each of your key superintendents. Even the smallest builders should have someone who is constantly being trained by attending forensic level educational conferences and trade shows. Empower your trades to be partners by encouraging comments and criticisms, and help them to achieve their greatness through your combined efforts. Eliminate the word *subcontractor* out of your vocabulary. The terms *Trade Contractor* or *Trade Partner* are far more appropriate—they build your homes and are your factory so they should be treated as an essential and respected partner.
- **Process.** We live in a process oriented world, yet home builders don't invest the time to carefully execute the construction process of assembling the thousands of pieces. Many jobsites have 20 days of fallow time during the production of a home, which is wasteful, costly, and damaging. How much could you earn if you were able to build a higher quality home two weeks sooner? By following a process-driven schedule and communicating these controls of materials and labor, significant savings and productivity can be achieved. It starts with a schedule of every task that is to be completed, and perfecting it each day by eliminating wasteful steps, miss-steps and material waste. Learn how to root out *Muda*, the Japanese translation for waste. Develop a culture for understanding that everything at the site which does not add value to your final product is waste. Every wasted step back to a trade's truck to fetch a tool is waste. Every piece of wood in the trash was once a perfectly good and valuable piece of material that you now pay three times for—once to purchase, once to pick it up and once to haul it off.
- **Customer Service.** With all products, sometimes things go wrong. When you know the rules of acceptable performance and durability, there is no argument when a product falls below the standard. The difference is whether you can deliver the solution to keep the customer satisfied—it must always be a permanent solution to the problem, or else you will suffer. The repair must make the customer whole, since they did not bargain for scratches in a hardwood floor when they purchased it from the design center. The customer service person must

be stellar in patience, consistency and compassion; traits not normally found in the field staff. The best customer service departments have specific performance guidelines and produce excellent documentation. Customer Service is also about setting and consistently reinforcing expectations. When you buy a McDonalds hamburger, you don't equate it with a juicy half-pounder from Ruby Tuesday because McDonalds has deliberately met your expectations of price point, delivery and consistency. A builder does not have to build mansions to deliver the highest quality product, nor should your products be compared to outrageous standards that you don't control.

- **Claims.** With ever-increasing self-insured retentions and the demise of express indemnity clauses with trade partners, builders must have systems in place to escalate a customer service issue or respond to an attorney attacking the product. Good claims management involves a careful, non-biased understanding of the actual complaint, rapid access to job files, and an action plan for each allegation. How your company responds to squeaky floors a year after construction or a leaky window five years later determines whether a single homeowner can be satisfied or whether they become your worst nightmare. Claims management also involves determining risks of litigation and the indirect, unmeasured impact of brand recognition and loyalty.
- **Data.** Encourage collection of data from everything and everyone, and share it with the stakeholders who are impacted. Since we learn more from our failures than our success, start with an aggressive customer service database of every service call. When service is completed, pass along these 'root failures' to the affected design or installation teams. Qualitative data involving verification of properly installed components is also important, particularly in states where aggressive plaintiff lawyers attempt to extrapolate a few defects over dozens of unaffected homes. Data also includes archived documents and photographs of your construction operation, to ensure you have a record of verified quality construction and practices. With energy efficient homes, data such as infrared images, blower door test results and window U-values can be valuable tools to thwart energy complaints and potential fraud claims.

These 7 Key Factors are simple metrics that have been adopted by hundreds of builders as a primary analysis tool for the past 15 years, and are a great way to begin analyzing your company culture and quality investment. You may be doing some or most of these items, but few builders accurately document their quality methods. If you "think like a factory", achieving these goals seems more logical and your operations will greatly benefit from the investment. As the old saying goes, there is never enough money in the budget to do it right, but always enough money to fix something built wrong. Quality assurance is not a program, but a philosophy that must be infused in every employee, in every function, and into the guts of the builder's culture.

Achieving the highest levels virtually guarantees you significant savings, promoting homes that are safe, durable, comfortable, maintainable, and the pride of every worker on the team. Now it's up to you to drive the culture to the next level, and be rewarded with higher profits, fewer headaches and happy customers.

So... let's get started! A simple first step forward is to learn about *Change Process Tools*, and how this simple process can immediately eliminate risk and save you money.

Contact AxisPointe for more information.

Stan Luhr, CEO

AXISPOINTE

Website: www.axispointe.com

Email: sluhr@axispointe.com

Office Direct: 619-438-6205

Stan Luhr is a forensic construction expert with over 30 years of experience in the construction industry. As a forensic expert Mr. Luhr has completed over 4,000 litigation claims ranging up to multi-billion dollar product defect cases. In 1994 he developed the industry's first computerized field QA systems, which eventually became the benchmark for the construction industry. Since then, Mr. Luhr's Quality and risk management processes have been successfully used on over 430,000 homes and commercial buildings, reducing construction defects by over \$9 billion. A nationally recognized trainer, Mr. Luhr has lectured at hundreds of educational conferences including NAHB, PCBC, IRMI, ASQ, Benchmark, & EEBA regarding construction quality, litigation and risk management. He joined AxisPointe in 2011 and serves as the company's CEO.