

GETTING WHAT YOU PAY FOR

THE FIRST STEP TO GETTING HIGH-QUALITY WORK IS DESCRIBING EXACTLY WHAT YOU EXPECT. THE FIRST IN A TWO-PART SERIES

By Richard Baker

In addition to more government regulations, builders are contending with costs for land, labor, and materials that are rising faster than builders' ability to increase home prices. In this business climate, protecting margins must include reducing operating costs.

A KEY TO FEWER CALLBACKS

One way to cut costs is to implement processes to reduce warranty and litigation claims. We've found, in our work with many top U.S. production builders, that those with the fewest callbacks and happiest customers have the following in common:

1) They create standard specifications with clearly defined performance language.

2) They educate installers on the details of these quality expectations.

3) They have systems in place to make sure those expectations are met. Some of these builders have halved their warranty spending—savings that go directly to the bottom line.

The basics include detailed installation instructions and lists of approved products. This can be a big shift for builders that normally leave detail and product decisions to installers. Some merely require that work be done "to industry standards," but the understanding of that term can vary as much from one installer to the next as do recipes for the best chili. To further complicate things, most subcontractors' workers have less knowledge than a decade ago. It's an environment that cries out for standardization and clearly defined expectations.

CHECK, CHECK

We recommend that builders have clear checklists and illustrations for critical processes. These take work to create.

With stucco, for example, you will need to consult code requirements, ASTM standards, and professional organizations. You'll also need to include your project managers, purchasing agents, and subcontractors in the discussions. Do you work in different communities and market areas? Get input from key people in each of them.

A typical home may benefit from 20 or more checklists, but there's no need to create them all at once. Instead, start with the two or three assemblies that have been causing the most callbacks, whether it's leaky shower pans or comfort issues from poorly installed fiberglass batts.

While these details show installers the key requirements for each assembly, the specs also need to tell them what products to use. That means never using the term "or equivalent," as in telling the siding installer to put "DuPont Tyvek or equivalent" on the walls. Not all products perform equally.

If you don't want to limit your crews to one product, you can create approved-product lists from which they can choose. Include brand names, or specify a certain product type such as "butyl flashing tape," rather than simply "flashing tape."

Update the installation instructions whenever product choices change. Otherwise, if, say, the builder switches from one brand of stone veneer cladding to another and doesn't update the work specs, the installation details may not meet the manufacturer's warranty requirements.

Standard specs with clearly defined performance language are a great investment that offers measurable payoffs, but specs must be maintained over time by ensuring that workers actually follow them. That's the subject of next month's column. **PB**

Richard Baker drives quality and performance in home building as a program manager of the PERFORM Builder Solutions team at IBACOS.

GETTING THE RESULTS YOU PAID FOR

YOU'VE CREATED STANDARD WORK SPECIFICATIONS. NOW YOU NEED TO MAKE SURE PEOPLE FOLLOW THEM. PART TWO IN A TWO-PART SERIES

By Richard Baker

Last month's column discussed the role standard work specifications can play in lowering warranty costs and suggested ways to create those standards. But standards only have value when workers follow them. To ensure that happens, you must train crews and check results.

SETTING A REALISTIC TIMETABLE

In the end, you want everyone on your jobs installing the required products and following installation checklists. Reaching that goal depends in part on the size of the builder. A regional or national company that builds in several communities may have dozens of independent subcontractors, each of which has to learn new ways of doing things.

The good news is that this is a well-worn path, with some national builders successfully implementing standard work specifications, with regional variations where necessary, across dozens of metro areas. Every site supervisor understands the standards, whether they're in Southern California or Northern New Jersey. All subs must complete and sign the checklists, as must all third-party home inspectors. This builds a culture of shared expectations.

How long does it take to get everyone onboard? On a recent proposal for a national builder to create standard work specs for a half-dozen building assemblies, we figured about 18 months to create standards and train installers in all markets. That timetable was for a corporate structure with multiple divisions, each operating as a relatively autonomous business unit. In contrast, a local builder completing 50 homes per year should be able to create and implement the same standards in a few months.

INVOLVING SUBS EARLY ON

The main roadblock is natural human resistance to change. The mere fact that a builder pays attention to these details

can create conflict, as workers and subs find themselves held to what they see as (but what may not actually be) higher expectations. Some subs may respond in unexpected ways. If the new stucco checklist specifies self-furring lath, the builder will expect a higher lath price but will be surprised if the installer wants to charge for a thicker coat of stucco. If the builder assumed that that thickness was being installed all along, some uncomfortable discussions may be needed to sort it out.

You can minimize these conflicts by involving select subs in defining standards and by helping them understand that more consistent quality will benefit them. At the same time, however, you also need to include some accountability.

Builders take various approaches to this. In the stucco example, you could spot-check thickness on randomly selected homes. If you have concerns about the quality of your concrete flatwork, you could ask for batch tickets from the concrete supplier. The advantage of the latter is that it's less confrontational. If there's a problem, such as too much water in the mix, the concrete supplier will be motivated to correct it, improving the strength and durability of the finished product.

Another tactic is to scrutinize variance purchase orders. If the framer runs short on 2x4s, the builder may start requiring that the purchase order explain why they're short. This simple step can reduce cost overruns by a percent or more.

Many builders ease into this by implementing a few critical processes at first, then using the lessons learned to make implementation smoother going forward. But regardless of how fast or slow you proceed, the best way to stay motivated is to remember the rewards for seeing the work through: lower warranty costs, happier customers, and more profit. **PB**

Richard Baker drives quality and performance in home building as program manager of the PERFORM Builder Solutions team at IBACOS.